

2nd Semarang International Conference **on Business Inclusiveness and Sustainability**

Conference Theme:

**STRENGTHENING INCLUSIVE BUSINESS AND
SUSTAINABILITY THROUGH RESEARCH AND PRACTICES**



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COMPARATIVE ANALYSIS ON MARKET REACTION AND FINANCIAL PERFORMANCE BEFORE AND WHEN USING THE FAIR VALUE MODEL OF COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

Abdul Latief, Syarifuddin Rasyid and Rizky Utami
Department of Accounting, Hasanuddin University,
Perintis Kemedekaan Tamalanrea, Makassar, Indonesia
Corresponding Author: rizkyutami55@gmail.com

ABSTRACT

The purpose of this study was to determine the differences between market reaction and financial performance before and when using the fair value model. Market reaction is proxied by cumulative abnormal return while financial performance is proxied by return on equity, return on asset and earning per share. Samples were chosen by using purposive sampling method. There are seven companies in Indonesia which became the object of research. The companies were tested five years (2003-2007) before and five years (2009-2013) when using the fair value model. In this study, the selected fair value method is the method specified in PSAK 16 and PSAK 13. The resourch was examined with paired sample t-test and non-parametic test wilcoxon. The results showed no difference in market reaction to companies before and when using the fair value model. Moreover, there was significant difference by looking financial performance at return on equity, return on asset and earning per share increased sharply.

Keyword: market reaction, financial performance, fair value

1. Introduction

International Financial Reporting Standard (IFRS) is one of very important information of accounting history in international world. Standards born from the womb of International Accounting Standards Board (IASB) is expected to change the old accounting order. Practitioners and experts in financial accounting in the United States believe that US-GAAP, largely is the Financial Accounting Standards Board (FASB) products, is a complete and adequate- accounting standard. That began to fade since the mega scandal involving huge corporations such as Enron, Adelphia, Worldcom and others. This gives an indication of accounting and financial reporting weakness in the United States. So that not a

few experts who think that US-GAAP, in fact, fraught with problems (Purba, 2010: 11).

This makes the world to follow the whole principle based-international accounting standards, that IFRS. More than 100 countries, currently, use IFRS totally for financial reporting, and other countries are still in the stage of convergence, adoption or adjusting (Sobvetov, 2013).

Indonesian Accountants Association stated the effect of IFRS convergence is the increasing of financial statements relevance as more use of fair value. International Accounting Standard Board (IASB) develops accounting standards that prioritizing relevant function of the fair value. Ball (2006) stated that the introduction of comprehensive fair value accounting framework for recognition and measurement of financial and non-financial instruments has been a long-term strategy of International Accounting Standards Board (IASB).

Financial Accounting Standards Board-Accounting Association of Indonesia (DSAK-IAI) has done IAS 40 convergence into SFAS 13 and IAS 16 into SFAS 16 that first time-effective from January 1st, 2008. Wahyuni (2015) said that Indonesia, before 2008, is very faithful to use historical value concept, and now must begin to consider the fair value adoption in accounting standards. Weijun (2007) said that such standards become the first standards for non-financial assets applying fair value model as an option.

SFAS 13 and SFAS 16 have been revised in 2007 and 2011 and both standard are adapted to SFAS 68: Fair Value Measurement which became effective since January 1st, 2015 in Indonesia. Wiyani (2014) said in his research that after following the G20 meeting, Indonesia expressed the will to make changes to entire IFRS convergence in the late Indonesian accounting standards called SFAS. Likewise in the slide update of IAI chairman, Sinaga (2014), which showed the IFRS schedule convergence, started with public commitment to converge in 2008 with conduct the first stage of convergence in 2008 until 2012, and second stage in 2012 until 2015. By the target in 2015 was able to translate the entire IFRS and applied in accordance with conditions in Indonesia.

Companies using similar accounting standards, will be easier compared with similar companies in other parts of the world. This suggested that business competition is increasing and requiring for every company to be able to show the best performance of any well-run business.

Company performance needs assessment for measurement and evaluation of company. Company performance can be assessed how far the company actions have led to a strong competitive position through the performance measurement. Analysis of financial statements is one way to look at the financial performance of company. Measurement of financial performance can be measured by financial ratios.

The ratio is often used to evaluate and determine the condition of company including; ratio of profitability, liquidity, leverage and solvency. However, according to Sovbetov (2013), profitability ratio is a fundamental aspect of company, because in addition to provide a great appeal to investors who will invest their funds in the company, it can be a measurement of effectiveness and efficiency of the existing resources use in operational processes of company. Kurniasari (2014) defined ratio of profitability as that a company ability measurement ratio of profit generating (profitability). Hanafi and Halim (2014: 81) said there are three profitability ratios frequently discussed, i.e.: return on equity (ROE), return on total assets (ROA), and earnings per share (EPS).

Previous research conducted by Anggrayni et al. (2011) demonstrated the improved company performance while IFRS convergence. Several studies on of IFRS effect on financial performance was also carried out in other countries. Research results of Terzi et al. (2013) said that a significant increase is occurred of adopting IFRS on financial performance of existing companies in Turkey. In contrast, Sovbetov (2013) said only the ROA and profit margin are significantly different. The significant difference is caused by several factors. One of the often mentioned factors of previous studies is the fair value application of financial statements measurements and disclosures. Muller et al. (2008) stated that companies using fair value proven to deliver profit increasement continuously. Weijun (2007) examined companies in Hong Kong before and when using the fair value on investment property, resulted a significant increasing of financial performance. It was alleged that condition in market price of fixed assets, especially land, will continue to increase, so the use of fair value would be beneficial for all stakeholders (Weijun, 2007).

In addition to the efect of IFRS affecting company financial performance, in the middle of global almost unlimited-economic actor interaction, the application of IFRS will also open up opportunities for the domestic emities to attract global investors and actively participate in world capital markets. According to Tandelilin (2010: 61), capital market as an institution that has the objective to support the implementation of national development and has a strategic role as a

financing source of the business world. Capital market is an investment vehicle for individuals or groups who have surplus funds and can invest in various securities with the hope of reward (return). Companies that need funding can utilize these funds to develop projects. Companies can finance various activities with various capital market funding alternatives thereby increase the economic activity and prosperity of wider community.

A phenomenon and available information could be greatly affecting level of capital market sensitivity on stock price and stock trading volume would have an impact on stock returns obtained. Siregar (2012) explained that if the announcement contains information, it will provide abnormal return to the market and vice versa. If the information is bad, rate of outstanding stock return will reflect a decrease. Conversely, if the information was considered good, it also will have a positive impact on the return (Bowen and Khan, 2011).

Lately, many studies are conducted to determine the market reaction when IFRS were adopted in their respective countries. As the expectations of those who adopt IFRS, many companies are experiencing a positive investor movement caused by fair value offered by IFRS. In European countries, research conducted by Armstrong et al. (2008) showed the progress of whole company by seeing return greater than before IFRS conversion. Weijun (2007) also tested the market reaction on the company listed in Hong Kong before and when using fair value that indicates a positive change. Similar results are showed by Muller et al. (2008), Bruggemann et al. (2009), Anggrayni et al. (2011), and Siregar (2012), which examined the effect of international accounting standards adoption to the go-public companies on the Stock Exchange in Indonesia using average abnormal return and cumulative abnormal return.

1.2. Company Financial Performance

According to Punda (2011), company performance information, especially profitability, needed to assess the controlled potential changes of economic resources in the future. Financial performance information is useful to predict the company capacity in generating cash flow from existing resources.

Some profitability ratios often used as an indicator of financial companies according to Hanafi and Halim (2014: 81) are as follows.

1. ROA (Return on Assets)

According to Hanafi and Halim (2014: 157), this ratio measures the ability of company in resulting net income based on the level of assets. ROA can be calculated using the following formula.

$$ROA = \frac{\text{Net Income after tax}}{\text{Total Assets}}$$

2. ROE (Return On Equity)

According to Sovbetov (2013), the overall performance measurement of company is result of return on equity or equity profitability. ROE is a ratio to measure net income after tax with own capital.

$$ROE = \frac{\text{Net Income after tax}}{\text{Stockholder equity}}$$

3. EPS (Earning Per Share)

EPS is the showed-net profit ratio acquired by company per sheet of stock in the accounting period. One of financial ratios often used by stock investors to analyze the ability of companies in generating profit by their own share is earning per share (EPS). According to Hanafi and Halim (2014: 185), EPS is the ratio between net profit after tax that reduced by dividends on a financial year and outstanding shares. To calculate EPS can use the following formula.

$$EPS = \frac{\text{Net Income} - \text{Preferences dividends}}{\text{Weight average number of shares outstanding}}$$

1.3. Market reaction

There are three models used to estimate the abnormal return, there are mean adjusted model, market model, and market adjusted model.

According Jogiyanto (2009) to determine abnormal return can use the following formula.

$$AR_{it} = R_{it} - R_m$$

Captions:

AR_{it} = *abnormal return* of shares i at day t

R_{it} = *actual return* of shares i at day t

R_m = *expected return* of shares i at day t

Actual Return is obtained by finding the difference between daily closing share price and previous day share price then divided by previous day share price.

$$R_{it} = \frac{P_{it} - P_{it-1}}{P_{it-1}}$$

Captions:

R_{it} = *share return* i at day t

P_{it} = daily closing share price i at day t

P_{it-1} = daily closing share price i at day t-1

Expected Return is calculated using Market Adjusted Model, which is measured using the Composite Stock Price Index (CSPI), this return is obtained by looking at the difference between certain CSPI and CSPI previous day and then divided by CSPI previous day. Calculating Expected Return indicated by the following formula.

$$R_m = \frac{IHSG_t - IHSG_{t-1}}{IHSG_{t-1}}$$

Captions:

R_m = *expected return*

$IHSG_t$ = market stock price at day t

$IHSG_{t-1}$ = market stock price at day t-1

Cumulative abnormal return (CAR) is calculated by adding up all existing abnormal return in the event period.

$$CAR_{it} = \sum_{t=g}^n AR_{it}$$

Captions:

CAR_{it} = cumulative abnormal return of stock i during event period

AR_{it} = abnormal *return* of stock i at day t, means t-1 until t+1

2. Research Methods

This study aimed to examine the differences in market reaction proxy with cumulative abnormal return between prior to the current use of fair value. The study also aimed to examine differences in the performance of the company as seen from the ratio of profitability prior to the current use of fair value to be portrayed through the return on assets (ROA), return on equity (ROE) and earnings per share (EPS). The period of observation that each of the five years before the use of fair value (2003-2007) and five years when the use of fair value (2009-2013).

The samples used in this study are determined by purposive sampling method. The criteria used in sampling ie.

- a. Companies listed on the Indonesia Stock Exchange and has a publication date of the financial statements and the financial statements of the period 2003-2007 and 2009-2013.
- b. Companies that use the fair value model for the 2009-2013 period and not to use the fair value model for the period 2003-2007.
- c. Financial statements using the currency.

Table 3.2 The List of Companies that Qualified as Sample

No	Code	Company	Specialization
1	ASII	Astra International Tbk	Automotive
2	AUTO	Astra Otoparts Tbk	Automotive
3	ABDA	Insurance of Bina Dana Arta	Insurance
4	ASDM	Insurance of Day in Mitra	Insurance
5	LPGI	Lippo General Insurance Tbk	Insurance
6	MREI	Maskapai Reassurance Tbk	Insurance
7	UNTR	United Tractors	Automotive

Data used in the form of historical research of data that the performance information of listed companies in Indonesia Stock Exchange for the periods 2003-2007 and 2009-2013 obtained from www.icamel.id obtained from www.idx.com. Daily closing price and the Composite Stock Price Index can be seen from www.duniainvestasi.com and finance.yahoo.com.

Hypothesis testing is used in order to determine whether there is a difference between these variables. In testing this hypothesis, the researchers will use the Paired-Sample t-Test (brpasangan sample t test). If the data were not normally distributed, then to test the hypothesis, the data tested using non-parametric statistical tests, namely Wilcoxon. Data analysis was performed with the help of

3. Discussion

Cost model of choice across the company to measure fixed assets in 2009. Based on sampling results, there are companies that use the revaluation model and applying the method of fair value measurements on (IAS 16). The Company elected to apply the model sample only the fair value of investment property (IAS 13). The number of samples that apply fair value in the year 2009 to 2013 are listed in the Indonesia Stock Exchange as many as seven companies engaged in insurance and automotive. The number of companies using the fair value continue

to grow in subsequent years after IAS 16 and IAS 13 is effective convergence results in 2008. However, this study will test the market reaction began in the first time the company uses the fair value is 2009 and consistent with the policy to 2013.

3.1 Descriptive statistics

The results of descriptive statistics calculation is as follows.

	N	Mean	Std. Deviation	Minimum	Maximum
SEBELUM	35	,02554	,119932	-,363	,361
SAAT	35	,00534	,111573	-,424	,430

In the period prior to the application of fair value (2003-2007), the value of the lowest cumulative abnormal return is owned by the company United Tractors Tbk of -0.363 happened in 2004 and the highest position held by the company Asuransi Bina Dana Arta Tbk amounting to 0,361 occurred in 2006. At the company uses the fair value (2009-2013), the value of the lowest cumulative abnormal return in 2009 was in the company Asuransi Bina Dana Arta Tbk with a value of -424. Instead the condition of companies Airlines reinsurance Tbk, in the highest position with a value of 0.430 was in 2010. The average value of cumulative abnormal return before using the fair value of 0.2554. While the average cumulative abnormal return when using the current fair value of 0.0534.

Tabel 4.7 Hasil Statistik Deskriptif ROE Sebelum dengan Saat Penggunaan Nilai Wajar

	N	Mean	Std. Deviation	Minimum	Maximum
SEBELUM	35	13,1791	10,66255	-8,80	35,43
SAAT	35	21,2920	9,81206	-2,85	40,69

In the period prior to the application of fair value (2003-2007), the value of the lowest ROE was -8.8 which is owned by Lippo General Insurance Tbk in 2003. The highest ROE value owned by the company United Tractors Tbk of 35.43 occurred in 2004. In the period of application of the fair value of the year (2009-2013), the lowest ROE return value is owned by Lippo General Insurance Tbk in 2011 amounted to -2.85 and the highest ROE value owned by the company Asuransi Bina Dana Arta Tbk amounting to 40.69 in the year 2010.

Tabel 4.8 Hasil Statistik Deskriptif EPS Sebelum dengan Saat Penggunaan Nilai Wajar

	N	Mean	Std. Deviation	Minimum	Maximum
SEBELUM	35	305,8286	437,98009	-111,00	1610,00
SAAT	35	666,6899	916,24078	-125,00	4263,00

In 2003 the company Lippo General Insurance Tbk back into the lowest position with a value of -111 EPS. The highest value of EPS is owned by PT Astra International Tbk amounted to 1610 in 2007. In the period of application of the fair value ie 2009 to 2013, the value of the lowest EPS owned by Lippo General Insurance Tbk in 2011 with a value of -125, while the value of the highest EPS back Insurance companies are owned by the International Tbk amounted to 4263 in 2010.

Tabel 4.9 Hasil Statistik Deskriptif ROA Sebelum dengan Saat Penggunaan Nilai Wajar

	N	Mean	Std. Deviation	Minimum	Maximum
SEBELUM	35	,09028	,07840	-,07	,26
SAAT	35	,1898	,38146	,03	2,30

In the period prior to the application of fair value (2003-2007), the value of the lowest ROA is -0.07 which is owned by Lippo General Insurance Tbk in 2003. The highest ROA value owned by PT Astra International Tbk 0.26 occurred in 2003. In the period of application of the fair value of the year (2009-2013), the value of the lowest ROA owned by PT Astra International Tbk in 2009 amounted to 0.03 and the value of the highest ROA is owned by the company Asuransi Bina Dana Arta Tbk amounted to 2.30 in 2011.

4. Test Results

The first proposed hypothesis states that there are differences in market reaction prior to the current use of fair value. Different test results showed a significance of 0.781. Because $0.781 > 0.05$, then H_0 is rejected and H_a accepted. It can be concluded that there is no difference between the cumulative abnormal return before the current use of fair value, so the first hypothesis (H_1) is rejected.

The second hypothesis put forward in the study stated that there are differences between the financial performance prior to the current use of fair value. Financial performance shown by the profitability ratios of ROE, ROA and EPS.

Wilcoxon test different test results on ROE, ROA and EPS indicate that the significance level of 0.000 ROE, ROA amounted to 0,008 and EPS of 0.009. Due $0.00 < 0.05$, $0.008 < 0.05$ and $0.009 < 0.05$, then H_a accepted and H_0 is rejected. Thus it can be concluded that there are differences in ROE, ROA and EPS between prior to the application of IFRS.

5. Interpretation of Results

Research conducted in Indonesia only has seven sampled companies using fair value after standard that allows the use of fair value applies. It is thought to cause investors do not anticipate any new information published to the market, or investors perceive that the use of fair value is not good news, so it does not change the preference of investors for investment decisions.

Researchers had previously shown the results of research in their respective countries that fair value proven to give a positive signal to investors. Bruggemann et al. (2009) and Armstrong et al. (2008) explains that the market reacts significantly, so did Weijun (2007) which shows the difference between prior to when using the current fair value of the companies listed in Hong Kong. However, studies that tested the use of fair value in Indonesia showed no difference between prior to the current fair value of such use. Tandelilin (2010) said that in reality, many external factors which influence the activity of the stock market are like policy, interest rates, and international economic conditions. So this study does not deny that this external information has an influence on abnormal return.

This study has a hypothesis test results are the same as the previous researchers, Klimczak (2011). Market reaction is proxied by abnormal return before the after adopting IFRS did not experience a significant difference to the state of Poland. Klimczak (2011) draw the conclusion that the different types of companies there is no difference abnormal return before and after the use of fair value. Descriptive results of the test showed positive abnormal return is shown in Table 4.8 in the column mean having a positive value of 0.2554 before using the fair value and 0.0534 while using the fair value. Although there are positive abnormal return but there was no difference with the current market reaction before using the fair value.

Furthermore, the results of statistical tests were also conducted to test the second hypothesis regarding the differences in financial performance as seen from the ROE, ROA and EPS prior to the current use of fair value. The second hypothesis is accepted in the sense that there are differences between the financial

performance prior to the current use of fair value. The use of fair value has been providing increased financial performance particularly in improved profitability.

The results support previous research conducted by Punda (2011), and Weijun (2007). Researchers had previously shown a significant difference test results and observed that fair value can increase profit companies that use the policy. Based on research conducted Terzi et al .. (2013), Sovbetov (2013) who also showed improvement after adopting IFRS financial performance caused by the use of fair value. According to IAS 40 and IAS 16, the difference between the fair value included in other comprehensive income as a gain or loss in fair value. Policies fair value measurement model is what causes the profitability ratio could rise significantly.

6. Conclusion and Advice

Based on the test results and analysis of data collected from the company, can be summarized as follows.

1. The market reaction is proxied by the cumulative abnormal return does not show the difference before the current fair value. This suggests that the use of fair value measurement model for companies listed on the Indonesia Stock Exchange is not a good news for investors.
2. The financial performance of companies that have chosen to apply the fair value measurement and disclosure methods for five years experienced a significant increase compared to before applying fair value. The differences in views of developments ROE, ROA and EPS.

Limitations of this study is the number of samples that the company is still very little to choose fair value model in the measurement and disclosure of investment property and fixed assets. It is caused by the convergence conducted by the Indonesian carried out gradually, causing differences in the effective date of the standards that have included the fair value model in the measurement and disclosure.

Based on the research that has been done, the researchers gave the following advice.

1. Researchers can use the subsequent fair value, which became effective in 2015. The concept of fair value, which became effective on January 1, 2015 is the result of the convergence of IFRS IAS 68 13, set the principles of fair value measurement that has been included in the previous IFRS standards.

2. Researchers next need to investigate further in detail the rules regarding the revaluation method. It is important for the perfection of our knowledge of the fair value applied to the revaluation model.
3. Companies that still use the cost model in order to consider the use of the fair value model is proven to improve financial performance.

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**GREEN ENTREPRENEURSHIP: IMPLEMENTATION OF
ACCOUNTING INFORMATION SYSTEM , QUALITY COST METHOD
FOR INCREASING PROFITABILITY SMEs**

Enny Susilowati Mardjono

*Fakulty of Economic, Dian Nuswantoro University, Jl Nakula 1 No 5-
11 Semarang, Indonesia

Phone: +62 81901166333, +62-24- 3567010, Fax : +62 – 24- 3565441

E-mail : ennyyoi@yahoo.co.id

Guruh Taufan Hariyadi

Fakulty of Economic, Dian Nuswantoro University, Jl Nakula 1 No 5-
11 Semarang, Indonesia

Phone: +62 81225402299, +62-24- 3567010, Fax : +62 – 24- 3565441

E-mail : guruhtaufan@gmail.com

ABSTRACT

The research examines the effect Quality Cost (Prevention Cost, Appraisal cost, Failure Cost) with Accounting Information as Mediating Variable toward Profitability .This research use sample consisted of 51 Unit Small and Medium Enterprises food and drink in Semarang.

The data are taken from MUI Semarang. Selection of samples by using sensus sampling. The hypothesis testing model using Warp Partial Least Square analysis (PLS) version 3.1

The result of the research indicated, the Prevention cost and Appraisal Cost with mediating Accounting Information are factors that affect positively on Profitability Unit Small and Medium Enterprises . Internal and Eksternal Failure cost with mediating Accounting Information have negative result in Profitability Unit Samall and Medium Enterprises. These findings contribute that The scale SMEs enterprises that have the support of the standards of the MUI are indeed more attention to Cost Appraisal and Preventing Cost with mediating Accounting Information are accurate support profitability. The cost of external and internal failure has not been implemented by the average SME yet and it be fully reflected in the low attention of accounting information systems that support the information available internal and external failure costs, which affects the damaged goods before the expiration of goods ends. So these findings SMESs Enterprises are not only consider the quality of the goods, but also held a review for internal and external failures to increase customer satisfaction impacting the increase in sales.

Key words : Accounting Information, Quality Cost(Prevention Cost, AppraisalCost,

Failure Cost), Profitability

INTRODUCTION

Background of The Study

In the current globalization era where the opening of free trade from various countries, the Indonesian people not only suffered from the domestic competition but experience the challenge of competition from abroad. In terms of the role of the SMEs' employment also has an important role. Basically SMEs (small and medium industries) is a labor-intensive sector with little capital. It can absorb a lot of labor (Djoko and Hima, 2010). SMEs are known to be very stable to lift the Indonesian economy in times of crisis. UMKM must face the challenges of multinational companies which have advantages in terms of management, technology, network. This has become a strong threat for SMEs to compete in all fields. The empowerment of SMEs should be encouraged with empowerment strategy such as access to the business, market access, access to technology, access to human resources (HR), lobbying, relationship with stakeholders and business continuity (Djoko, 2011)

The majority of SME owners do not have a deep knowledge. UMKM just think short term and less oriented toward the long term. Efforts to improve its performance over conventional due to lack of knowledge in the field of business management, for example in determining the price of a product is often only focused on the general condition of the industry environment . Concerning labor is rarely accounted for as an expense allocated. Thus they are often inaccurate and often mistaken in terms of measuring the productivity of the business that will ultimately lead to business performance (Yusni, et al, 2009)

Accounting information can become a reliable basis for decision-making in the management of small businesses such as market development decisions, pricing and others (Marginin, 2007). SMEs often ignore the impact of financial management, without effective method of accounting, business prospects to succeed can become bankrupt (Dharma, 2010). Indicators decision can be taken from the accounting information in SMEs serve as stated Dharma (2010) : 1. Basic considerations and purchase of raw materials for production and means of production that will be used. 2. The decision regarding the determination of the selling price. 3. The application and request third-party funds (Bank). 4. Decisions of business development and the addition of floating human resources as well as the addition of a business asset.

According Sutianingsih and Handayani (2011) system accounting information presented in the form of financial statements make SMEs become more professional, because with the financial statements properly then it will be able to produce good quality information. In the present financial statements that either did not escape from the availability of information quality costs (Quality Cost). According Prawirosentono (2007: 57), prime quality product would be more attractive to consumers, and it can ultimately increase the company's sales volume.

The cost of quality is an indicator of financial performance quality. The cost of quality as an indicator of program success quality can be attributed as company's profits, sales, cost of goods sold or the total cost of production. Cost of quality is Prevention costs or increased costs as a result of producing goods of inferior quality. These charges focus on quality and occurs in all business functions that emphasize value-added (Horngren, 2000). Increased sales by the decline in the cost then it certainly will increase profitability of the company. Quality costs consist of the cost of prevention, appraisal costs, internal failure costs, and the cost of failure eksternal. Increasing of quality impact on the profitability that was pursued by increasing customer demand and reduce costs. Intense competition in the market, increasing demand and cost savings can be deciding whether a business can thrive or just survive (Hansen and Mowen, 2009)

Ulfa and Rahardjo (2013) examined the quality management on the performance of SMEs and as a result there is a positive influence between the quality of their management on the performance of SMEs. According Gantiano and Erwin (2011), which examines the impact on the cost of quality and profitability, stating that the three variables such as prevention costs, appraisal fees, and the cost of failure significant positive effect on profitability. While the research results Martusa (2011) stated that among the three variable cost of quality is one of them internal failure costs are not considered important because the company put more emphasis on activities that prevent the arrival of defective products to consumers in comparison to prevent the defective product itself. The contribution of this study and difference with previous research is provide input Accounting Information Systems a good and accurat. It is supported by a complete quality cost allocation, which is expected to affect the profitability of SMEs. Because of the lack of previous studies most of them do not pay attention good accounting information with respect to the allocation of costs, especially prevention cost. Many of defective products to consumers even had been certified halal. When defective products can be reduced will result in the cost of failure can be reduced. If the accounting information provided complete, for example at

the beginning of the known number of viable raw material for processed food or finances are reported yet, the cost of failure will be minimized, so that the quality is maintained and increased sales turnover. It is very interesting to study in Semarang especially SMEs in the food and beverage industry that has entered the list of standard test quality certified halal by the MUI Central Java. Whether the application of good accounting information system and the cost of quality such as prevention costs, appraisal costs, the cost of failure to effect positive the profitability of SMEs so that it can compete with multinational companies.

1.2 Statement of The Problem

Does Implementation of Accounting Information Systems and cost of quality methods are better able to increase the profitability of Semarang SMEs ?

1.3 Purpose of The Study

This study aims to prove the models that use accounting information systems and methods of quality cost can be used to improve the profitability of Semarang SMEs.

ANALYSIS OF LITERATURE ,THEORETICAL FRAMEWORK AND HYPOTHESIS

Small and Medium Enterprises (SMEs)

According to the Law No. 20 , 2008 about Micro, Small and Medium business Chapter 1 General Provisions Article 1, mention that:

1. Micro business is a productive enterprise belonging to individuals and / or entities individuals who meet the criteria of micro enterprises as set in the law.
2. Small businesses are productive economic activities that stand alone, which is done by the individual or business entity that is not a subsidiary or not branch of a company owned, controlled, or be a part either directly or indirectly, of a medium or large businesses that meet small business criteria as referred to in this law.
3. The medium-sized businesses are productive economic activities that stand alone, which is done by the individual or business entity that is not a subsidiary or branch company owned, controlled, or be a part either directly or indirectly with a small business or a large business with a number of wealth or annual net sales revenue as stipulated in this law.

Accounting Information System

According to Mulyadi (2010) definition of Accounting Information System is organizational forms, records and reports that they are coordinated to provide

the financial information. It needed by management in order to facilitate the processing business companies.

Meanwhile, according to Mcleod, the Accounting Information Sytem characteristics includes carrying out the tasks required, hold on a relatively standard procedure, the detailed data handling, the historical focus and provide minimal troubleshooting information. From these definitions it can be concluded that the Accounting Information System is an activity input, process and output data that is performed by the company. Results of the final data that has been in the process of Accounting Information System aims as reporting for internal and external parties in order to exercise control over the company.

Quality Cost

According to Hansen and Mowen (2009) activities related to the quality is activities carried out because of bad quality or may have occurred.

Carter (2009) classify the cost of quality into three major classifications, namely:

1.Prevention Cost

Costs incurred to prevent failure of the product. Prevention costs are those costs incurred to design products and high-quality production systems, including the cost to implement and maintain these systems. Failure prevention begins with designing quality products into products and production processes. Preventive maintenance should be performed periodically of equipment and machinery to maintain a high quality. All employees, from top management to the workers in the factory should be constantly looking for ways to improve product quality.

2. Appraisal Cost

Costs incurred to detect failure of the product. Appraisal costs consist of the cost of inspection and testing of raw materials. The cost of inspection of products during and after the production process, as well as fees for obtaining information from customers regarding their satisfaction for the product.

3. Failure Costs

Costs incurred when a product fails. Such as failures can occur internally and externally.

a.Internal Failure Cost is costs incurred during the production process, like the rest of the cost of raw materials, the cost of defective goods, the cost of rework, and the cessation of production due to damage to the machine or run out of raw materials.

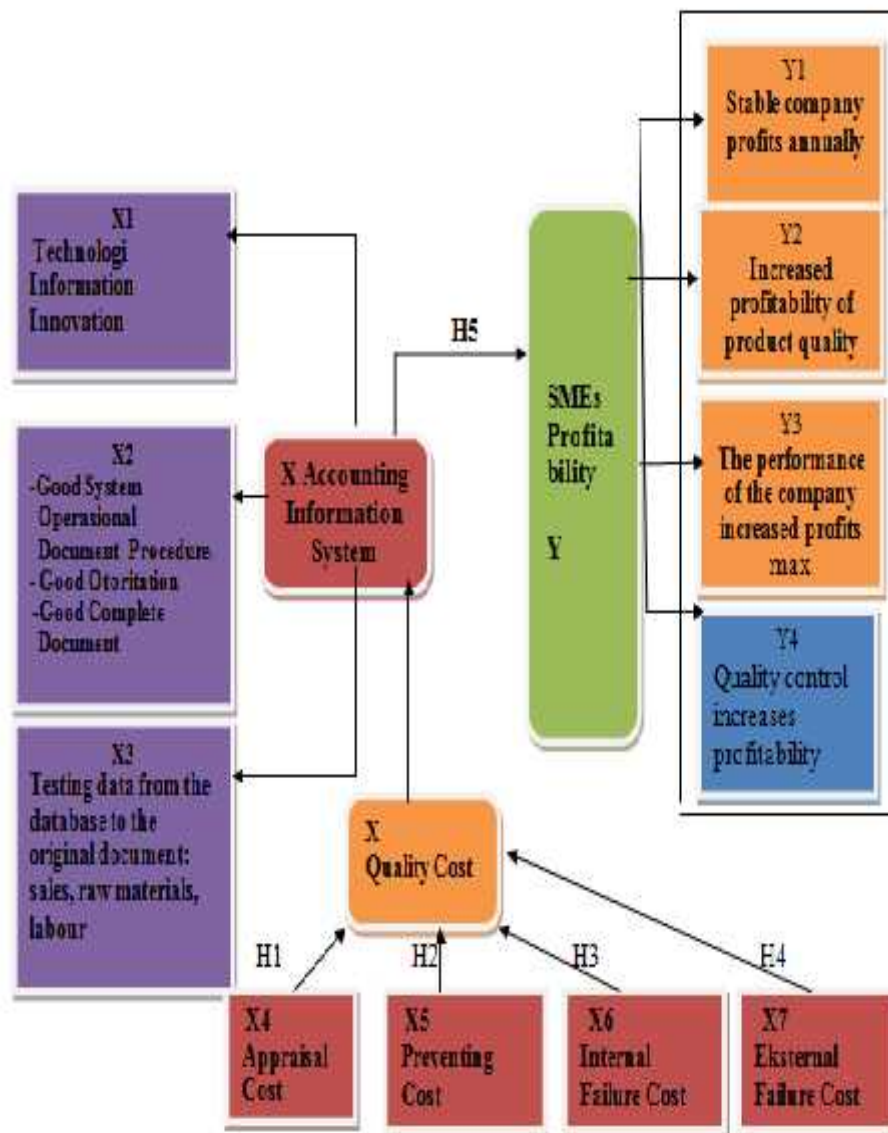
b.External Failure Costs is costs incurred after the product is sold, including the cost to repair and replace the defective product during the warranty period, the cost to handle customer complaints, and the cost of the loss of sales due to customer dissatisfaction.

Profitabilitas

According Sawir (2001), Profitability aims to determine the company's ability to generate profits a certain period, also aims to measure the effectiveness of management in running the company's operations. Sawir (2001) also suggests that profitability is a tool to measure the company's ability to earn a return. The effectiveness of the overall management will be visible in the profitability ratios. Leadership ability and success is measured also with this ratio, earnings and investments.

Model of framework theoretically is described as :

Figure 1
Theoritical Framework



Source : Sawir (2001), Carter (2009), Hansen and Mowen (2009)

Hypotheses Development

According Sutianingsih and Handayani (2011) good system of accounting information is presented in the form of financial statements that can make SMEs professional, because the good financial statements will be able to produce good quality information. In the present good financial statements that either did not

escape from the availability of information quality costs , in this case appraisal costs fully informed. According Prawirosentono (2007), excellent quality product it would be more attractive to consumers, and can ultimately increase the company's sales volume.

H1: There is a simultaneous effect between Appraisal Cost mediated by the accounting information system implementation towards profitability.

Preventive maintenance should be performed periodically of equipment and machinery to maintain a high quality .Simultaneous influence Quality Costs towards Profitability are costs that arise because there may be or have bad quality products. Research on the effect of prevention costs to profitability by Matthew (2010) found that the cost of quality simultaneous positive effect on profitability.

H2: There is a simultaneous effect between Prevention Cost mediated Accounting Information Systems towards profitability.

Internal Failure Cost incurred during the production process, like the rest of the cost of raw materials, the cost of defective goods, the cost of rework, and the cessation of production due to damage to the machine or run out of raw materials. If this activities have trouble so it can influence quality of product. Influence Quality Costs towards Profitability are costs that arise because there may be or have bad quality products. Research on the effect of Internal Failure Costs to profitability by Matthew (2010) found that the Internal Failure Cost positive effect on profitability.

H3: There is a simultaneous effect between Internal Failure Cost mediated Accounting Information Systems towards profitability.

External Failure Costs incurred after the product was sold, including the cost to repair and replace the defective product during the warranty period, the cost to handle customer complaints, and the cost of the loss of sales due to customer dissatisfaction. Influence Eksternal Failure Cost towards Profitability are costs that arise because customer complaint as a result of bad quality products. Research on the effect of Eksternal Failure Costs to profitability by Matthew (2010) found that the Eksternal Failure Cost positive effect on profitability.

H4: There is a simultaneous effect between Eksternal Failure Cost mediated Accounting Information Systems towards profitability.

In the present good financial statements that either did not escape from the availability of information quality costs. According Prawirosentono (2007), excellent quality product would be more attractive to consumers. It can ultimately increase the company's sales volume. According Gasperz in Kawiana (2009), by paying attention to quality will have a positive impact to the business in two ways such as impact on production costs and the impact on revenue.

H5: There is a positive and significant influence between Quality Cost (Prevention Cost, Appraisal Cost, External Failure Costs, and the Cost of Internal failure) mediated Accounting Information Systems towards Profitability

Research Variable and Definition of Variable Operational

Research Variable

This study used two independent variable namely Quality Cost and Cost Accounting Information Systems and one dependent variable profitability of SMEs. Measurement of variables using a Likert scale are presented using a scale of 1-5, where 1 is given the scale scores Strongly Disagree, and the scale of 5 was scored Strongly Agree (SS). Likert Scale used to measure attitudes, opinions, and perceptions of a person or group of people about social phenomena in the study specifically assigned as research variables.

Operational Definition

In the operational definition of this variable is formed by indicators indicators as follows:

• Accounting information system

Accounting information system is needed, especially on the part of management to help make decisions an organization. Accounting Information System is understanding of computer-based. This variable is measured with three questions. This question was adopted on the instrument developed by Boner and Walker (1994) in Sutianingsih (2011) uses three indicators with a Likert scale.

• Quality Cost (Prevention Cost , Appraisal Cost, Internal Failure Cost, External Failure Costs)

Carter (2009) classifies into four, namely Appraisal cost, prevention costs, external failure costs and the cost of internal failure. This variable is measured with five indicators for Prevention Cost and four indicators for Appraisal Cost and

three indicators for Internal Failure Cost and three indicators for Eksternal Failure Cost. Measurement of variables using a Likert scale.

Profitability

According Sawir (2001) Profitability aims to determine the company's ability to generate profits a certain period, also aims to measure the effectiveness of management in running the company's operations. This variable uses five indicators of profitability. Measurement of variables using a likert scale.

Method of Data Analysis

Collecting data by primary that already been checked about its reliability and validity. The aim of checking is to know consistency and acuration of data that's already been collected by the instrument. Next, the hypothesis will be evaluated by Path Analysis or Structural Equation Modeling Analysis (SEM) with Wrap Partial Least Square (PLS) verse 3,0 method as an alternative method, software Wrap PLS verse 3. PLS is a powerful analysis method because based on not many assumptions . Data have to measure by exact scale, few numbers of samples, appropriate to purpose prediction in high complexity and low support of the theory ,(Ghozali , 2006). Hypothesis 1, 2, and 3 will be answered by estimate PLS parameter such :

1. Outer model Measurement

Outer model to the indicator evaluation reflexive with convergent and discriminant validity from their indicator and composite reliability for block indicator. Rules for receiving and reject of hypothesis are : convergent validity will be calculated based on correlation between component score and construct score which will be counted by PLS by watching the outer loading of each indicators and their significance value. Reflexive measurement will be indicated high if the correlation with constructing that be measured more than 0,70. Loading value that be suggested is more than 0,50 (positive) and p significance < 0,05. Indicator that lower than standard, must be dropped from models and have to evaluate again. Good Discriminant Validity is when being measured by comparison with AVE root from every constructs must be bigger than the correlation value among its constructs in the model (Fornell Dan Larcker, 1981).

2. To measure Inner Model or Structural

back to reseacher. SMEs food and drink consists of several clusters such as cooking oil, coffee, fish balls, wet bread, drinks, cassava chips, shredded, coffee, milk, tofu, tapioca flour, chicken pieces, wingko, syrup.

Evaluating Quality of Data

Output Laten Variable Coefficients

From table 1 is known that Q-squared upper than 0, it's means our model have good predictor validity (mantion 0,814 and 0,837) . Reliability instrument measurement such as *Cronbach value Alpha* and Composite reliability were expressed by six variables for each instrument have value upper than 0,70, so the data is reliable.

Table 1.
Output Laten Variable Coefficients

	Preventi	Appraisa	Intr Fai	Eks Fail	Acc Info	Profitab
R-squared					0.810	0.835
Composite reliab	0.913	0.901	0.832	0.898	0.881	0.916
Cronbach's alpha	0.884	0.851	0.595	0.829	0.794	0.885
Avg. var. extrac	0.696	0.696	0.625	0.746	0.713	0.686
Full collin. VIF	36.399	6.411	2.753	6.752	23.559	17.684
Q-squared					0.814	0.837

Source : Primary data has been processed by Warp PLS 3.0, 2015

Output Combined loadings and Cross-loadings

Loading each indicator konstruk are bracketed and its p-value. There are two criteria for judging outer eligible models converge to construct reflective namely (1) loading must be above 0.70 and (2) significant p values (<0.05) (Hair et al, 2013). All loading marked all brackets already meets these criteria so all loading indicator qualify convergent validity. Examples PC 1 has a larger loading to construct P amounted to 0.790 above 0.70 and a significant p value (<0.05). This can be expressed as follow :

Table 2.
Output Combined Loading and Cross-loadings

Warp PLS 3.0 - Combined loadings and cross-loadings								
Close Help								
	Preventi	Appreisa	Inta Fai	Eks Fai	Acc Info	Profiteb	SC	P value
PC1	(0.790)	0.361	0.222	-0.467	-1.125	0.501	0.159	<0.001
PC2	(0.921)	0.495	0.238	-0.236	-0.315	-0.572	0.113	<0.001
PC3	(0.912)	-0.491	-0.136	0.232	-0.617	-0.238	0.093	<0.001
PC4	(0.903)	-0.325	-0.226	0.414	-0.833	-0.226	0.090	<0.001
PC5	(0.600)	0.002	-0.189	0.003	1.163	1.467	0.159	<0.001
AC1	-0.364	(0.719)	0.134	0.960	0.502	-1.523	0.177	<0.001
AC2	-0.667	(0.681)	0.159	-0.926	0.446	0.955	0.105	<0.001
AC3	0.656	(0.913)	0.054	-0.482	-0.469	0.335	0.078	<0.001
AC4	0.310	(0.610)	0.364	0.598	0.403	0.200	0.164	<0.001
IFC1	-0.758	0.182	(0.579)	0.179	0.653	-0.973	0.216	0.001
IFC2	-0.955	0.065	(0.359)	0.369	0.354	0.511	0.235	0.002
IFC3	1.629	-0.213	(0.322)	-0.533	-0.910	0.203	0.322	0.007
EFC1	0.580	-0.101	0.123	(0.841)	-0.463	0.600	0.093	<0.001
EFC2	0.012	0.375	0.057	(0.907)	0.041	-0.435	0.101	<0.001
EFC3	-0.553	-0.303	-0.195	(0.841)	0.423	-0.077	0.114	<0.001
AI1	1.646	0.495	0.238	-0.236	(0.697)	-0.572	0.118	<0.001
AI2	2.099	-0.491	-0.136	0.232	(0.907)	-0.238	0.103	<0.001
AI3	4.718	0.002	0.189	0.003	(0.715)	1.467	0.155	<0.001
R1	-0.015	0.154	0.094	-0.431	-0.282	(0.788)	0.126	<0.001

Note: P values < 0.05 are desirable for reflective indicators.

Source : Primary data has been processed by Warp PLS 3.0, 2015

According to Table 2 seen that loading every indicator in the construct upper 0,70 and all p value significance (<0,05) ,Thus, instruments which been used is valid to use.

Result of Hypothesis Testing

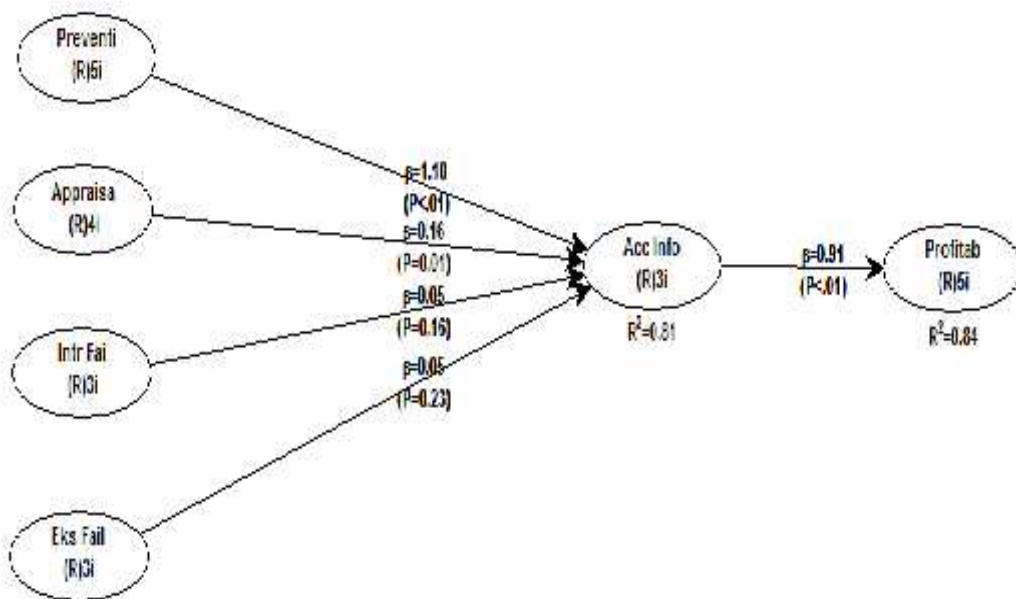
In this research, there are 5 hypotheses, that are tested SEM-PLS with Warp PLS 3.0 (Sholihin and Ratmono,2013)

Testing of Hypothesis Quality Cost (Prevention Cost and Appraisal Cost, Internal Failure Cost, Eksternal Failure Cost) with mediation Accounting Information System have impact to Profitability

Outer Model and Inner Model Testing

Result of Outer Model whole of variables PC, AC, IFC, EFC, AIS, P show *reliable* enough loading value upper than 0,50 and p sig <0,05, that can be seen in picture 2 below.

Figure 2
Result Outer Model All Variables



Output Correlations among Latent Variables :

This Output is important to evaluate discriminant validity of the study. Overall constructs in the model estimated discriminant validity meet the criteria. Display the output in table 3. Correlations between Latent Variables show where the roots AVE has a value greater than the correlation between constructs that have a lower value. Examples Discriminant validity of the construct Prvention Cost (PC) has a great value because the roots of AVE 0.984 greater than 0.838, 0.651, 0.868, 0.974, 0.925

Table 3.
Output Correlations among Latent Variables

Latent Variable correlations						
	Prevention	Appraisal	Intern Failure	Ektern Failure	Acc Info Sys	Profitability
Prevention	(0.984)	0.838	0.651	0.868	0.974	0.925
Appraisal	0.838	(0.915)	0.630	0.815	0.764	0.904
Intern Failure Cost	0.651	0.630	(0.791)	0.758	0.602	0.754
Ekst Failure Cost	0.868	0.815	0.758	(0.923)	0.830	0.913
Acct Failure Cost	0.974	0.764	0.602	0.830	(0.878)	0.877
Profitability	0.925	0.904	0.754	0.913	0.877	(0.929)
<i>Note : Square roots of average variances extracted (AVE's) shown on diagonal</i>						

Tabel 4.
Output Laten Variable Coefficients

	Preventi	Appraisa	Inte Fai	Eks Fail	Acc Info	Profitab
R-squared					0.810	0.835
Composite reliab.	0.918	0.901	0.832	0.898	0.881	0.916
Cronbach's alpha	0.884	0.851	0.695	0.829	0.794	0.885
Avg. var. extrac.	0.696	0.695	0.625	0.746	0.713	0.686
Full collin. VIF	36.309	6.411	2.753	6.752	23.659	17.684
Q-squared					0.814	0.837

Source : Primary Data has been processed by Wrap PLS 3.0 , 2015

Other testing is a reliability from the block indicator that measures are constructed. The result is satisfying composite Reliability with value 0.918 for Prevention Cost and 0.901 for Appraisal Cost, 0.832 for Internal Failure Cost and 0.898 for Eksternal Failure Cost, 0.881 for Accounting Information System and 0.916 for Profitability

***Testing of Inner Model or Testing Model Struktural**

At Table 4, R-square value as 0.835 it means that construct variability Profitability can be explained by Construct Prevention Cost (PC), Appraisal Cost

(AC), Internal Failure Cost (IFC), Eksternal Failure Cost (EFC), Accounting Information System (AIS) as 83,5 %, whereas the rest as 16,50% is explained other variable outside model. Result Path coefficient and P values as significance indicator are seen in output Table 5

Table 5.
Output Path coefficient and P values

Path coefficients						
	Preventi	Appraise	Intr Fai	Eks Fail	Acc Info	Profitab
Preventi						
Appraise						
Intr Fai						
Eks Fail						
Acc Info	1.104	0.160	0.053	0.048		
Profitab					0.914	
P values						
	Preventi	Appraise	Intr Fai	Eks Fail	Acc Info	Profitab
Preventi						
Appraise						
Intr Fai						
Eks Fail						
Acc Info	<0.001	0.014	0.155	0.227		
Profitab					<0.001	

Source : Primary Data has been processed by Wrap PLS 3.0, 2015

Testing of connection inter constructs indicate that Prevention Cost construct with mediation Accounting Information System impacts to Profitability as 1,10 significance at $p < 0,01$, whereas Appraisal Cost with mediation Accounting Information System impacts to Profitability as 0,16 significance at $p < 0,01$. But construct Internal Failure Cost with mediation Accounting Information System does not affect the profitability as 0.05, the results showed no significant because koefisien 0.15, $p = 0.15$ ($p > 0.01$). As well as to construct External Failure Cost with mediated Accounting Information System does not affect the profitability, the results showed no significant because koefisien 0.05, $p = 0.22$ ($p > 0.01$) This means that the accounting information system at the time of their Internal Failure Cost and external Failure Cost do not be a mediating variable. The conclusion, Accounting Information System mediates the relationship between Prevention Cost and Cost Appraisal towards Profitability. At the time of dealing with Internal and External Failure Failure Cost, Accounting Information System does not mediate relationship with profitability.

Discussion

Hypothesis 1: There is a simultaneous effect between Appraisal Cost mediated by the accounting information system implementation towards profitability.

Output Path coefficient and P values are shown in Table 5, which examined the relationship between constructs can be concluded constructs Appraisal Cost is mediated by Accounting Information System affect the profitability of 0.16 significance at $p < 0.01$. Result of this research was supported by Sutianingsih and Handayani (2011) good system accounting information is presented in the form of good financial statements both in terms of the completeness of the availability of cost assessment. It can make SMEs professional, because with the good financial statements properly, it will produce good quality information.

This may imply that based on the distribution of the data SMEs standart MUI, SMEs food and beverage are adopting cost of assessments in advance with the activities monitoring and supervision, inspection and testing. It gave a great impact on the good quality of products. This indicates that SMEs conducting periodic assessments can produce good product quality standards and the good feedback from buyer, thus increasing profitability SMEs

Hypothesis 2 : There is a simultaneous effect between Prevention Cost mediated Accounting Information Systems towards profitability.

Results test illustrate that the relationship between the constructs Prevention Cost is mediated Accounting Information Systems effect on the profitability of 1.10 significant at $p < 0.01$

This may imply that the second hypothesis could be accepted. Based on the distribution of data in the standard MUI SMEs in the food and beverage SMEs that their cost of prevention (manufacture of quality planning, reporting quality costs, quality audits and field test activities) can increase profitability, because before getting standard of MUI, the average SMEs activities field tests used to maintain the quality of their products, should not be exposed to customer complaints. Steps being taken as quality planning, reporting the cost of quality, selection and evaluation of suppliers to the field test activities. It is really able to improve the profitability of SMEs.

Hypothesis 3 : There is a simultaneous effect between Internal Failure Cost mediated Accounting Information Systems towards profitability.

Constructs Internal Failure Cost is mediated by Accounting Information System does not affect the profitability as 0.05, the results showed no significant because koefisien 0.15 $p = 0.15$ ($p > 0.01$).

Internal failure costs here represented by reworking, re-examination and re-testing has low value because there is still reworking and the re-evaluation activities is very low. There is a lot of researchers confirm to the respondents and the answering is the swelling costs and capital. So that activities are rarely carried out by SMEs. So based on this data distribution reject the hypothesis. The activities of internal failure costs reduce profitability.

Hypothesis 4 : There is a simultaneous effect between Eksternal Failure Cost mediated Accounting Information Systems towards profitability.

Constructs Eksternal Failure Cost is mediated by Accounting Information does not affect the profitability, the results showed no significant because koefisien 0.05 $p = 0.22$ ($p > 0.01$). This means that the accounting information system is not the mediating variables Eksternal Failure Cost. External Failure Costs represented by warranty costs, repair costs and the cost of take care customer complaints have low value of the perception of employee SMEs. according to argument employee SMEs to provide the warranty is still lacking and to adopt a customer complaint facilities and infrastructure is also lacking. In this case the external failure cost allocation does not applied a lot. This activity has not increased profitability.

Hypothesis 5 : There is a positive and significant influence between Quality Cost (Prevention Cost, Appraisal Cost, External Failure Costs, and the Cost of Internal failure) mediated Accounting Information Systems towards Profitability

At Table 5, Accounting Information System mediates the relationship between Prevention Cost and Cost Appraisal towards Profitability. At the time of dealing with Internal and External Failure Failure Cost, Accounting Information System does not mediate relationship with profitability.

R-square with a value of 0835, which means constructs Profitability variables can explained by construct Prevention Cost (PC), Appraisal Cost (AC), Internal Failure Cost (IFC), External Failure Cost (EFC), Accounting Information System (AIS) 83, 50%, with the remaining 16.50% is explained by other variables outside the model

CONCLUSION, IMPLICATIONS, SUGGESTIONS AND LIMITATIONS

CONCLUSION

Based on testing results and discussion, can be deduced :

1. The scale enterprises SMEs are indeed quite have the support of the standards of the MUI. Based on data Semarang SMEs centers are indeed more attention to

Cost Appraisal and Preventing Cost with accurate Accounting Information. This cost support profitability Semarang SMEs.

2. The cost of external and internal failure average has not been implemented by the SMEs and reflected low supporting available of accounting information systems especially about application internal and external failure costs. As a result many product of SMESs have damaged before time of product expired.

3. The last three years, the owners of SMEs prefer quality to improve customer satisfaction, thereby increasing sales turnover. So these findings for the next , SMEs do not only consider the quality of the goods, but also held a review for internal and external failures to increase customer satisfaction impacting the increase in profitability sales

SUGGESTION

Due to very high benefits from the cost of quality and availability of good accounting information systems, it is advisable to further research and SMEs do not implement only the cost of quality assessment and appraisal costs but also pay attention to internal failure costs and external failure . So with good product quality, the products of SMEs will be sold in the market with increasingly higher profit and compete with export quality goods. The importance of attention to competitive prices, availability of good raw materials.

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TAX PAYERS'S COMPREHENSION OF SAS: AN IMPORTANT WAY TO SUSTAIN GOVERNMENT BUDGET

Rini Hastuti, SE.,MSi.,Akt
Shandy Jannifer Matitaputty, SE.,MSi
Thomas Budi Santosa, PhD ¹

It is very important to have compliance of the tax payers for countries which count the budget primary on tax revenue. Self assessment system (SAS) that is imposed since 1983 in Indonesia enforces tax payers to briefly understand how to calculate, pay and report their own tax payable. Taxation Program of Faculty of Economics and Business conducts high education in taxation. It produces professionals to support the government runs its tax assessment system. This study is aimed to investigate in advance whether there is a difference on tax compliance under reward stimulus between two groups; firstly group that has already had SAS comprehension and group that has not. While a review on curriculum will be overlooked regarding practicum of individual and corporate Income tax. Instrument is accordingly developed based on individual tax income case. Screening on sample leaves 68 students of tax department. T-test shows us that there is no difference on tax compliance between groups, but after stimulated by incentive on abatement of tax payable, there is a tax compliant difference between the groups. It is reasonable to happen since by understanding the system comprehensively, tax payers understand bitterly the loops and so do the consequences. Tax payers tend to utilize tax loops when it is possible, therefore having full compliance of tax payers is really hard to achieve. It is best if they comply with the rules. It implies that the management of tax department should consider reviewing their curriculum by discussing more tax cases and current issues, updating tax rules, and doing some voluntary activities.

Keywords: SAS comprehension, tax compliance

¹ lecturer at Soegijapranata Catholic University, Semarang Indonesia

Introduction

Tax revenue of Indonesia budgetary system tends to dominate total national income. This emerging revenue becomes very important source to run government programs elevating national welfare. Instead of considering the other revenue, the government of Indonesia prefers this kind of revenue to be the main source since it is controllable.

The dependency of tax revenue drives the government imposing regulations to maximize tax revenue. Systems of tax regulation and assessment are published, revised, updated, monitored and controlled by stakeholders. Self assessment system (SAS) is one of the systems to assess individual and corporate income tax based on Law of Income Tax Number 7/ 1983 j.o Number 17/2000 j.o number 36/2008. The rules set that tax payer must take the whole responsibility to calculate, pay, and report their own income tax obligation. In a huge and complex condition such as in Indonesia tax control and tax audit enforcement are tightly required. In positive view, it becomes an opportunity for tax payers to manage and plan their tax and finance. On the other hand it abundantly burdens tax payers with a lot of obligation since it is unavoidable.

Tax compliance is absolutely demanded in this tax law enforcement. The complied tax payers support the sustainability of government funding to pay its routine and capital expenses. Positive and negative stimulants are accordingly imposed to achieve tax compliance of tax payers. The simplicity of tax system, tax amnesty, and tax holiday are the examples of positive incentives; while fee and phenalty are mentioned as negative incentives.

There are studies that investigate tax compliance. Anggraini (2007) and Chotimah (2007) in Rustiyaningsih (2011) found the lack of tax comprehension positively influence tax report submission. While Rustiyaningsih (2011) conluded in her research that factors influence tax payers were SAS comprehension, service quality, level of education, level of income, and perception of tax phenalty. Palil (2010) investigated tax compliance of tax payers; he concluded that despite of level of tax comprehension, it influenced tax compliance together with the possibility of auditing, government expenditure perception, fee and phenalties, individual finance constraint, and the influence of the tax payer around. Hastuti (2013) found that non business students had higher level of tax compliance perspection than non business students. It confirmed that by having tax knowledge, tax payer compliance was likely to be achieved. Referring to those researches, tax education becomes more important in achieving tax compliance.

Department of taxation of a university designs its program to graduate scholars who persistently comply with the rules. It provides scholars with tax education not only based on the rules and its theory but also it provides experiences on practices. The curriculum should be designed to support the government to achieve target of tax revenue by having complied tax payers. On the other hand, the curriculum should fulfill tax payer's expectation that is ability and competency to manage tax planning. This competence helps the tax payers to minimize tax payable without any attempts to break the laws.

Practicum of individual and corporate income tax is one of the courses held by department of taxation, faculty of economics and business. The course provides students with some cases regarding individual and corporate income tax as a type of taxes that purely imposing self assessment system. By taking the course students are perceived having full understanding or comprehension of self assessment system, especially in calculating, paying, and reporting individual and corporate income tax.

When it comes to practice, there are sometime found dilemma for tax professional. That is between strictly full complying with the rules which means paying maximum amount of tax payable; and trying to minimize tax payable which means sometime by becoming tricky nor breaking the law. Common tax payers usually tend to pay minimum amount of tax. Tax for certain taxpayer is prejudiced as neither a burden nor something to be denied since it taxes much for tax payers. Therefore there are tax payers who attempt to engineer their tax report including by bribing or other criminal things in order to minimize tax payable.

The professionals, work for tax affairs, have been dealing with this kind of dilemma. That is between fully complying with the rules and satisfying the client by calculating their tax payable as low as possible. The situation is sometime aggravated when the client offers a kind of reward as a bonus when the professional can reduce their tax payable instead of paying the full amount than it should be. The consultant may consider the reward stimulating the process of tax calculation.

Research Question

Tax compliance becomes very important in sustaining economic development of a country. This research will investigates in advance whether reward and course of practicum of individual and corporate income tax stimulate tax compliance. This research will investigate if there are differences of tax compliance between:

- a. Reward and non-reward stimulation

- b. Full understanding or comprehension of SAS and lack of tax comprehension.

Research Benefit

The study is designed to develop university's role to participate in fostering economic sustainability by graduating abiding potential tax payers. This could be achieved by setting up its curriculum on assessing individual and corporate income tax payable. Students learn taxation in tax department, theoretically and practically. They should be trained to comply with the rules. In the future they will become the real tax payers and tax professional. Therefore it is important to lead them to be abiding tax payers. This is mainly to support the government to achieve tax revenue target in order to sustain the living of the country.

Literature Review

Tax Compliance

According to Minister of Finance Decree 544 / KM K.04 / 2000 states that: "tax compliance is the act of tax payers in the fulfillment of tax obligations in accordance with the provisions of laws and regulations in a country". Therefore, tax compliance can be re-defined as the act of tax payers to register them to officially become tax payers, to calculate, pay, and report tax payable including paying the penalty in accordance with the laws and regulations.

Income Tax

An *income tax* is defined as government levy (tax) imposed on individuals or entities (taxpayers) that vary with the income or profits (taxable income) of the taxpayer. Self assessment system is purely imposed in this kind of tax, when tax payers perform their tax obligation all by them selves. For the corporate tax payer, tax payable is determined based on net income proceed by income statement. The rule is also applied to individual tax payers whose omzet above IDR 4.8 billion. The rule sets that tax payable is calculated from taxable income after deducted with deductible expenses and non taxable revenue.

Taxable Revenue

Article 4 of Law 36/2008 states that income is any additional economic capability received or accrued by a tax payer, whether originating from Indonesia and out of Indonesia, which can be used for consumption or to increase the wealth of the taxpayer in any name and form. Therefore, the full abiding tax payers will report all types of revenue they have got regardless the amount and sources of income.

Deductible Expense

Deductible expenses are the cost to acquire, collect and maintain income. Oppositely non deductible expenses are types of expenses that are not intended to obtain income, such as personal expenses, charities, non cash expenses, etc.

Non Taxable Revenue

Non taxable revenue is an amount of revenue that is deductible to revenue. Article 7 of Law number 36/2008 regulates amount of revenue that is deductible. It considers tax payer himself, marital status, and dependants. The dependants could be no more than three persons, in addition to each member of the family by blood and by marriage in direct lineage, adopted child is included. Ones that have already had own income and above 17 years old should be excluded from the dependants.

Reward

Theory of reward is referred to Skinner that point out behaviorism. The stream looked at that behavior can occur because of the learning process and experience. It focuses on an idea that human behavior is formed because of the stimulus from the environment. When people are given a stimulus, it would appear soon a response. Meanwhile a contradiction is sometimes occurred that is appeared between stimulus and response.

In accordance with the basic concept of simplified conditioning operant, individual acts its behavior then he gets the consequences. In the concept of psychology, stimulus comes first and then the response followed and confronted with the consequences of the earlier stimulus. Therefore, operant conditioning increases the likelihood of response to include amplifier (reinforce) after it happened and could pouches vice versa (extinction).

Previous Research

Some researches are conducted regarding tax compliance and ethics are mentioned as below:

1. Bahari and Ling (2007) conducted a research that aimed to seek the importance of tax education. They have found that 64% of the non business respondents wish to learn about tax. Basic tax principles, personal taxation, tax planning for individuals and taxation for small business and company are the topics of interest for respondents. The author emphasized to insert tax as knowledge in the curriculum for non accounting program in higher education.
2. Palil (2010) investigated how SAS knowledge influenced tax compliance behavior in Malaysia. He found that tax knowledge drives significantly to tax compliance, even though there was various level of tax knowledge. Despite tax

education, there were other factors that determined tax compliance; there were probability of being audited, perceptions of government spending, penalties, personal financial constraints, and the influence of referent groups.

3. Rustiyaningsih (2011) concludes after compiling literatures review that understanding SAS is one of the factors that influence tax compliance. The other factors are educational level, income level, service quality, and perception of tax penalty.

4. Hastuti (2013) found that business students that learn tax in their course have higher level of tax compliance than non business students.

Considering the facts that are empirically proved, it is strongly recommended that having tax education is very important for the taxpayers. By understanding tax system, it will drive to tax compliance. Students, regardless their program, business or non business students merely comprise a portion of future tax payers. Having basic knowledge of taxation enables people to easily understand the system; they can deeply discuss with professionals about tax issues, manage tax planning more effectively. Without any tax education, there might be inconsequent tax planning that leads to tax noncompliance.

Methodology

Population and Sample

The research called for taxation students of Soegijapranata Catholic University (SCU) and Diponegoro University (Undip) to be the respondent. Data of active and registered students in the semester was 145 students of SCU and 418 students of Undip. Therefore there were 563 students available as the population in the mid of 2015.

Sample was accordingly elected with this list of criteria:

- a. Graduated from or have been taking course of practicum of individual and corporate income tax.
- b. Graduated from course of basic individual and corporate income tax.

Considering the criteria, students of batch 2014 that have not learnt about income tax was excluded from the population (200 students). There are 130 of 363 students participated to the experimental research. Respondents were gathered in a class and were instructed with the same rules to exercise a case of personal income tax. Another screening step was brought off with some key questions to test respondent's tax comprehension, whether they understand basic rules exercising the giving case. The screening left for 68 respondents who were eligible to the test.

Sample Description

The following tables summarize respondents' status based on universities, sex, and courses (practicum of personal and corporate income tax, and professional ethics).

Table 1. Frequency of Respondent based on University and Sex

University	Frequency	%	Sex	Frequency	%
Unika	26	38%	Male	16	24%
Undip	42	62%	Female	52	76%
	68	100%		68	100%

Tabel 2. Frequency of Respondent based on Course

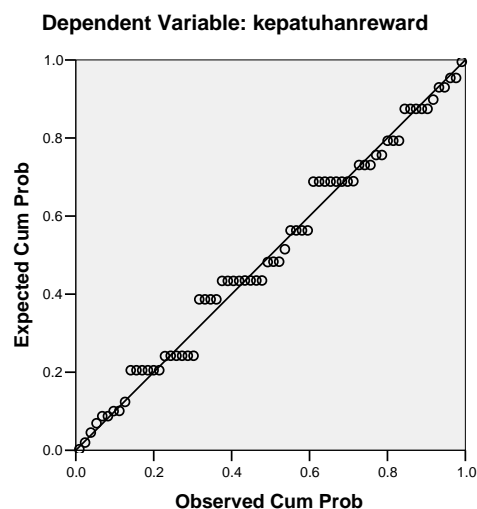
Courses	Frequency	%
practicum of individual and corporate income tax:		
Already graduated/ taking the course	51	75%
Not yet graduated/ taking the course	17	25%
	68	100%

Normality Test

The selected data is normal to be tested. It is proven with P-Plot test as figured in the following graph:

Picture 1. Normal P-Plot

Normal P-P Plot of Regression Standardized Residual



Tax Compliance

Tax Compliance T-Test under Reward and Non-Reward

A personal income tax case was developed to investigate how the tax payers would accordingly calculate and report their tax payable with some alternatives of income, expenses, and non taxable income status. The case is about determining personal income tax of a businessman works on construction service whose omzet is more than 4,8billion.

Types of income were varied as following: income that had been already withheld by fellow with complete tax slip, income that had been already withheld by fellow but still lack of tax slip, and income that had not been withheld since counterparties were not parties who were eligible to cut the taxes. Refers to definition of taxable income, abiding tax payers will report accordingly the whole types of income. While others may consider incomplete slip and incomes that have not withheld by counterparties since they will not report the transactions to fiscus therefore the data can not be traced.

Deductible expenses are varied based on availability of supporting documents; while non deductible expenses are distinguished with availability of engineered documents until they may be deducted. Non deductibles expenses that can not be engineered will remain to be non deductible, when a respondent still use it as deductible expense she will be excluded from the sample. The last instrument is a control variable since it indicates the respondent's understanding to the given case and the comprehension of tax rules.

Non taxable income is the third developed instrument in determining tax payer obedience. Officially, the dependant should be excluded when he himself has already generated his own income regardless he is still in the family or not. In the fact, people tend to seek an excuse when he has not had his own family yet. The condition should be in the beginning of the year.

Those three variables were tested to the same sample under two opposite condition, reward and non reward. Reward will be awarded to those who can minimize tax payable by using any opportunity to manipulate data. T-test between the two conditions (reward and non reward) shows that there is no different tax compliance. Tax payers remain to comply regardless the rewards.

Table 3. Tax Compliance T-Test between Reward and Non Reward

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	kepatuhan	3.1373	68	.60467	.07333
	kepatuhanreward	3.1520	68	.56847	.06894

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	kepatuhan & kepatuhanreward	68	.734	.000

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	kepatuhan - kepatuhanreward	-.0147	.4287	.0520	-.1184	.0890	-.283	67	.778

It is proven by the result that confirms t-count (-0,283) < t-table, then H0 is accepted. The significance level also confirms 0.778 that means that there is no different either. In this point of view most of respondents keep unchanged even under reward compliment. We can presume that most of them understand the rules also the consequences if they do tax evasion, then they deny or tend not to take the rewards. It means that their understanding of self assessment system is important to achieve tax compliance.

Tax Compliance T-Test between SAS Full Comprehension and Less Comprehension

Practicum of personnal and corporate income tax course is designed to empower tax department students in learning and practicing some cases of income tax. Students graduated from this course are presumed having full comprehension of *Self Assessment System* (SAS), especially in determining personal tax payable as design in the experiment. Oppositely students that have not taken the course but have learnt basic knowledge of personal and corporate income tax are presumed as respondents who do not comprehensively understand to calculate, pay, and report the tax.

Tabel 4. T-Test between SAS Full Comprehension and Less Comprehension

Group Statistics

		N	Mean	Std. Deviation	Std. Error Mean
kepatuhan	sudahsedang	51	3.1830	.55902	.07828
	belum	17	3.0000	.72648	.17620
kepatuhanreward	sudahsedang	51	3.2353	.56684	.07937
	belum	17	2.9020	.51051	.12382

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
kepatuhan	Equal variances assumed	.001	.973	1.082	66	.283	.18301	.16913	-.15466	.52068
	Equal variances not assumed			.949	22.657	.353	.18301	.19280	-.21617	.58219
kepatuhanreward	Equal variances assumed	.470	.495	2.150	66	.035	.33333	.15507	.02373	.64294
	Equal variances not assumed			2.266	30.219	.031	.33333	.14707	.03306	.63361

Reward is proven by the t-test stimulating tax compliance. Under non-reward condition the test shows that there is no difference in tax compliance. After stimulated with reward to minimize tax payable, the two groups show the difference. Considering the average level of compliance, test results show that respondents with full tax comprehension have a higher average than respondents who have less SAS understanding.

Curriculum Review on Practicum of Individual and Corporate Income Tax

Referring course of practicum of individual and corporate income tax, T-test between the two groups of sample (already taken the course group and not yet taken) showed that after stimulated with reward, there is difference in tax compliance between the groups. The opportunity and probability not to adhere to the tax laws are to be a chance that will always be utilized by the taxpayer. But as a professional in the field of taxation, we should consider ethical behavior or the consequences once we decide to commit or to against with the laws.

The learning on course of practicum individual and corporate income tax is recently exercised on the basis of regular condition of a complete and determined case. One single case is for all participants in the class. In the reality, the situation is not just so simple; it is quite varied and so complicated. Therefore, instead of practicing the theory, the complex cases should be learnt and practiced. The real data analysis and discussion will be more interesting because it will enrich students with experiences. They will learn and consider the consequences of activities related to tax. Therefore updating knowledge with current issues, laws,

regulations, and practices will be helpful for students in meeting up with some tax experiences.

The awareness of the consequences might simultaneously be considerant for not taking the offering bonus from the client. Minimizing tax payable without against with the enacted tax laws has become the main task of a tax consultant. Therefore whether there is reward or no-reward from clients, the tax consultant will remain referring to the laws. It explains why there is no difference in tax compliance under the two different situations, reward and no reward.

Under reward stimulus there is a difference between group of sample who has already and having course of practicum individual and corporate income tax; and group of sample who have not taken the course. This result supports to the previous research investigating the importance of tax education. The first group is considered to understand tax betterly while the second is not. The second may refer to the reward without considering the consequences. It is consistent with no reward t-test; the test confirms that there is no difference between groups. Under non reward stimulus, the sample tends to behave in the same patern oppositely with the groups under reward stimulus. Therefore tax education is important, not only in executing tax obligation but also in considering tax consequences to comply with the rules.

Research Implication

Some suggestions that could be considered are:

- a. Strengthening teaching methods course of practicum individual and corporate income tax by designing a variety of cases and real cases.
- b. Graduating complied tax payers is an important step to generate tax payers' compliance since sustainability of economic of a country like Indonesia will be ensured by tax revenue.

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“ENTREPRENEURSHIP AND SOCIAL RESPONSIBILITY”

Report

Justina Kaluinaite, Lithuania
Darmasiswa scholar of 2014-2015
UNIKA Seogijapranata University
Semarang, Indonesia

The author

I am the scholar of the study program “Entrepreneurship and Social Responsibility” at UNIKA Seogijapranata university. This study program is designed for Darmasiswa 2014/2015 scholarship program. Related to study program I was also able to do an internship. Internship was based on analyzing situation of NGOs possibilities and limitations, entrepreneurs and micro businesses, and social responsibility factors in various communities in central Indonesia. Duration of the internship was 7 weeks (2015March-April).

Keywords and definition

Social responsibility - is an ethical framework which suggests that an entity, be it an organization or individual, has an obligation to act for the benefit of society at large.

Social responsible business – a generally for-profit venture that seeks to leverage business for a more just and sustainable world. The objective of the SRBs involves more than just maximizing profits for the shareholders; it is also about creating positive changes and making valuable contributions to the stakeholders such as the local community, customers, and staff.

Social business – business created and designed to address a social problem.

Nongovernmental organization - is an organization that is neither a part of a government nor a conventional for-profit business. Usually set up by ordinary citizens, NGOs may be funded by governments, foundations, businesses, or private persons.

Social capital - The central premise of social capital is that social networks have value. Social capital refers to the collective value of all "social networks" [who

people know] and the inclinations that arise from these networks to do things for each other ["norms of reciprocity"].

Cultural empowerment - is a process that shifts the person from being closely directed to ultimately being self-directed and motivated in their activities and fully understanding of their role in the achievement of the particular group goals. Culture is the basic feature of self respect and identity. Cultural empowerment also strengthen communities and give them a sense of pride on their values

Community empowerment - refers to the process of enabling communities to increase control over their lives. "Communities" are groups of people that may or may not be spatially connected, but who share common interests, concerns or identities.

Non formal education -educational activity which is not structured and takes place outside the formal system based on „learning by doing „approach.

Abstract

Main focuses of the report are - NGOs management, social responsibility factor in entrepreneurship and community relationship. The report talks about findings and observations during my internship period in local NGO in Yogyakarta, entrepreneurs and community initiatives.

The main motivation to understand more and explore the activities of NGOs and entrepreneurs in Indonesia was my own personal NGO working experience and consulting in community development projects.

Introduction

My internship was based in the Gesik village, Kalipucang area, Kasongan, Yogyakarta. Duration of the internship was 7 weeks (2015 March-April). This Internship was related to my study program of

“Entrepreneurship and Social Responsibility” at UNIKA Seogijapranata university in Semarang, Indonesia.

Main goals of my internship are to observe and research few topics related to my study program:

- NGOs possibilities and limitations in Indonesia

An increasing role of NGOs in development has been part of democratic processes in Indonesia. However, political democracy has not been accompanied by changes in the behavior of bureaucracy. There is still a certain level of reluctance among government bureaucrats to allow participation of NGOs, and even use the Paris Declaration as a tool to control national, local and international NGOs working in Indonesia. To increase harmonization and alignment, NGOs have to be more controlled in their actions. At local levels, NGOs requesting support from international NGOs have to get approval from local authorities before they can obtain funding from the international agencies. The government is increasing its control mechanisms of international NGOs, particularly working on issues such as human rights. Despite its democratic openness, control of NGOs by the government is actually quite high. This raises certain challenges for NGOs and donors that actively support projects in regions where human rights violations and environmental destructions are common.

While in the other hand a lot of small NGOs and community projects seem to have more freedom – this leads to a lot of creativity and truly community or issue related actions. One of the main factors driving these small community organizations is a high level of social capital –strong relationship among individuals in the community and support to each other.

My main focus was small NGOs and entrepreneurs which normally are driven and supported by the community itself out of the governmental regulations.

Entrepreneurship and social responsibility

The private sector plays a dominant role in the Indonesian economy. An estimated 70 percent of Indonesia's private sector belongs to the informal sector, which is characterized by a large number of micro, small and medium-sized enterprises. Women account for 65 percent of the informal economy.

The problem statement points the community development activities in Indonesia – situation of individual/community empowerment through NGOs and entrepreneurship projects. As in one hand being mid-income developing country Indonesia is really rich in natural resources and cultural heritage. My main focus during the internship was an empowerment of communities – use of existing

heritage and environment to empower people for entrepreneurship and community driven actions. Many issues related to my internship were also social responsibility factor which mainly connect to environmental issues and non formal education.

To sum up my main goals of the internship are:

- To analyze NGO position and situation in small communities, understand the possibilities and limitations of NGO work development in Indonesia;
- To follow and participate in educational activities related with environmental education, tourism, non formal education, social education;
- To take part and develop new ideas related with NGO management;
- To observe and analyze micro and medium size entrepreneurs in Kalipucang area and small neighborhood areas, focus on home business and cultural empowerment projects;
- Consult and implement development ideas for micro entrepreneurship if it matches with my knowledge and professional experience;
- Improve my personal skills in various fields especially learning more about Indonesian heritage: culture, cuisine, handicrafts;
- Spend time with local people to enrich knowledge about social capital and social norms in Indonesian society;

Summary of the activities

“Rumah Inspirasi”– community organization which main working areas are environmental issues, community empowerment and education. Rumah Inspirasi started their activities in 2011. It is an organization driven by Josh Handani and Filiana Dewi Handani who already for several years have been trying to address and react to different social and environmental issues.

As a separated project Josh Handani also started “Rumah Guide” initiative. Josh is a certificated tour guide and he is trying to address social education and responsible tourism issues. He is trying to educate and prepare future tour guides who will be not just professional in their work but also able to react to various social issues – participate in social and cultural activities, present not just a historically and culturally rich Indonesian history but also reflect to important issues in the society nowadays, involve tourist in local activities, promote tolerance and sensitiveness to religious tourism. As one of the my personal goals with “Rumah Guide” was to find and to survey small entrepreneurship and

community projects around the small neighborhood areas which I am going to describe later on.

Main activities of “Rumah Inspirasi”

“Rumah Inspirasi” was mainly created to address different environmental and community issues in Kalipucang area. The variety of social and environmental issues they needed to address made this NGO very flexible and action orientated because of dynamic community life.

One example of urgent issues in the area is waste management. One initiative of Josh and Dewi is

“The Bottle project”. Kalipucang area is located by Kasongan River and mainly all the waste will go directly to the river and also river will bring other waste from the neighborhood areas.

It makes this issue even more complicated when it comes to general waste management in Indonesia. First of all there is no governmental system provided for the waste management in the Kasongan area – so mainly all the people in the area have to deal with the waste in the way they think it’s the best. Mainly solution goes to burning the trash, burying or throwing to the river. It leads to environmental pollution, air pollution and water pollution. There are just few examples of people who would collect their trash and would bring it till the city center to the few municipality trash bins.

“Rumah Inspirasi” is trying to address waste management issues in several ways:

1. “The Bottle project” was started few years ago. The main idea is to fill plastic bottles with small pieces of non recyclable waste (mainly plastic) rather than burning or throwing away to the environmental. As the related project family started “The Bamboo Bottle House” project – building the Bamboo House homes stay also using filled plastic bottles and glass bottles in the construction. Also during the various workshops we have been trying to use these plastic bottles to make a recycling art – chairs, decorations, holders. Now kids in the area finally would follow “The Bottle project” idea also at home and bring filled plastic bottles to “Rumah Inspirasi”.

As I had personal experience in working with international environmental organization and organizing recycling art workshops related to this project my main activities were weekly organize two recycling art workshops –

one for local community and another one for guest community from neighborhood area. Workshops involved educational part addressing the main environmental issues, and making various things from the recycling materials. Regarding to education activities we also have been having workshops in various schools and community members around small entrepreneurs group. Educational activities reflects to different environmental workshops, recycling art activities, support for development of recycling art businesses.

“Rumah Inspirasi” participates in various schools and public institutions talking about environmental issues and sharing the good examples and projects related to waste management in small societies. One of the activities I was taking part was at the local “Sanggar Anak Alam” school based in Bantul, Yogyakarta. My activity was based on environmental education and recycling art activities for the different grade students at the school. Together with local community Rumah Inspirasi is trying to inform about environmental issues also to the local municipality and encourage them to prepare a program for waste management in the area.

2. Related to social responsibility issues in the community Rumah Inspirasi despite the environmental protection and education is working on cultural and community empowerment. During these activities they are trying to take part in community development related to common activities in the area. As I mentioned before very strong social relationship and support point in small communities is one of the main power of community empowerment in Indonesia. People in Kalipucang area many times had different discussions and meetings about well-being of people in the area, addressing social and development issues and education, also various meetings and common activities. Also local people and entrepreneurs would contribute financially in solving local problems or supporting by their own possibilities but more than this they would also participate and would be involved or contribute also what they can (materials, space to hold an activity, share the skills or knowledge). This social responsibility factor which reflects to local community working together in support of each other and development is the most valuable and precious element in community development and empowerment.
3. Regarding to development of local entrepreneurship “Rumah Inspirasi” would always participate in local exhibitions, development trainings and would try to involve as many local entrepreneurs as possible. Also part of education program “Rumah Inspirasi” is organizing workshops about

handicraft making and culinary which would help to create and improve skills in various activities or also to encourage local people to start their own small activities. As an example during my stay we organized workshops based on batik making for local kids and foreigners, making recycling art accessories, sewing course, cooking. Also in support of local entrepreneurs Rumah Inspirasi supported my activities with micro entrepreneurs in the area - getting to know all the entrepreneurs in local area and from the places they know, making possibility for me to participate and observe their works, consult and make contribution in advising for business development. Also part of activities we had during my internship were the sharing activities where different local and international entrepreneurs would meet in various places with local community to share their stories and skills about starting micro business, different skills, knowledge. During these activities I had a chance to consult few small home stay projects, leather making workshop and business, higher college on tourism, recycling art gallery. And also few small NGOs about NGO management, community involvement and non formal education which are some of the topics I have been working in NGO sector before.

Related to “Rumah Guide” project Josh would organize weekly meetings with future tour guides on education where he discuss and make workshops more on social competences, responsibility and awareness on social and cultural issues, tolerance for religious tourism and different ethics groups related with tourism projects, also awareness and promotion of small micro business. As I mentioned before I took part in few meetings related to educational part and sharing my own skills but mainly were involved with local tour guides seeing and visiting local entrepreneurship projects and discovering and promoting some unique local places which has cultural, historical or religious heritage value. The main purpose of these visits where to reach small local businesses to observe their activities and support the development in making partnership for future group visits of small tour groups which would not chance the main focus of local businesses.

The main places we were visiting were connected with cultural empowerment of communities in relationship with unique cultural and religious heritage of Java island (I will describe the local entrepreneurship examples later on by more complete description) for examples as blangkon or traditional Javanese head dress making place, wooden batik business, small wayan kulit or leather puppets making business, Jamu or herbal medicine place, traditional Javanese material wowing place, terracotta or

traditional pottery making place, small bakpia or traditional cake-dough type business and etc. Related to religious tourism we were visiting small not so highly promoted Hindu and Buddhist temples and etc.

Also part of personal interest on specific local cultural and cultural empowerment had an opportunity to be involved into study visit and observation of bird sellers businesses and stone or also well known ring making sellers activities. Had a chance to go for a trip with local bird sellers were had a chance to understand more about importance and meaning of birds in Javanese and all Asian cultures, see how the local birds sellers are looking for places and markets to find and buy different types of birds and understand the difference and cultural meaning.

Community education

One of the main activities of Rumah Inspirasi goes to the community education. Main education this NGO provides is based on Non-formal learning which in other words means learning out of formal institutions and mainly by doing and being directly involved in action and process. As the support for education Rumah Inspirasi are preparing free open community library – for this project family tries to give an access local community, especially local youth, to gain the knowledge and awareness about various topics. Library project was supported also by the “Gramedia” book store chain, family collection and everybody who was willing to donate books to enrich the library. Me as the intern was directly involved into preparation of the library – organizing, marking and preparing the books for the open library. Also, as an activity, Rumah Inspirasi makes a literature evening – reading and sharing opinion about different books, articles to make it more attractive and welcoming for people to use the library.

Also as a community educational activity this NGO is organizing evening meetings. It has no real description and rules and the activities mainly depend on the participants. Participants are always encouraged to share their skills (handicraft, arts, culinary and etc) or knowledge (discussions on different topics, issues) and learn from each other. During these evening also international participants and volunteers are involved so it creates possibility for local community to be more aware of different cultural issues also. As second part for this evening project also movie night is an possible option. The movies also trying to address so social or environmental issues, or if there are any foreign participants also as educational part one evening in open to present movies from their own countries to increase awareness and understanding. All the activities are

based on non formal way – always open for discussions, workshop encouraging participation of all the people during the meeting.

As an intern I was also directly involved in local educational projects for the local community. Weekly I was organizing English class for two different community groups. All learning activities were based on different games, workshops to teach English through non formal education methods and also develop social and communicational skills.

“Sanggar anak alam” School and “STIPARY Tourism Academy”

Another great institution which I had chance to visit was the “Sanggar anak alam” school in Bantul, Yogyakarta. This school is based on non formal education methods where for example instead of having teachers they have facilitators, teaching methods would be based on research work, practical assignment, workshops to learn and improve many skills. In this school I had chance to participate in family class – every month few mothers would need to organize a class for pupils to teach or to show them something they know f.e. cooking, sewing, dancing, handicraft, economics or anything depending on their own abilities. We had a chance to organize few workshops based on social responsibility and practical part on recycling art.

Also at the same school I had chance to help and participate in “Pasar ekspresi salam”. The parents market is happening few times in a year – where all the parents are invited to show, present and sell the goods they make or the workshops they can provide. The last celebration we were participating was also connected with traditional rice harvest celebration where Salam school is trying to keep old traditional celebrations alive. During the “Pasar ekspresi salam”. With Dewi and the family were also making traditional “tahu gejrot” for the market.

The Salam school is working a lot on community and cultural empowerment. They try to keep all the cultural celebrations alive, teach kids unique specific Javanese culture as dance, crafts, customs, culinary, celebrations and also engage not only kids but parents and all community together for many actions. The school seems to be more as a one big group of friends than pupils and teachers. Also many parents in this school are small entrepreneurs so that’s why they are trying to encourage them kids to learn more by practical doing. Many parents also have their own initiatives for the school community as organizing projects as “Family based. Home concert”, camping for kids and parents, “The family visit” project where all the class would come to visit each other houses and so on.

Another educational institution where I was invited was “STIPARY Tourism Academy“ for the workshops with 3 different classes of students based on social skills, social responsibility, tourism development. „STIPARY Tourism Academy“ is mainly for students who in the future want to continue working in various positions and fields of tourism sector. During the workshop I had been in class with students from tour guide class, administration and hotel management.

Entrepreneurship places

During my internship I had a chance to visit, to observe and to have possibility to contribute to some of the local entrepreneurs in Yogyakarta and area around. I am just going shortly list and describe main places where I have had chance to stay longer and describe their businesses and activities we made.

Wood Batik in Kreet

Kreet hamlet, Sendangsari village, Pajangan district, Bantul regency in Yogyakarta is the home of a renowned wooden batik center. This is exceptionally large home business place I had chance to visit because of its unique history and crafts. The place has been open more than 25 years and local handicrafts have been very creative in starting making wood batik goods on various things.

The Kreet place has around 35 workers and follow all the process from wood carving, polishing, to making wax ornaments to painting. The biggest part of production is exported to other cities in Indonesia and also the big part goes abroad. At the workshop place you still can see large exhibition of production but the most important you can always see the making process and participate.

The Wooden Batik place employees mainly crafters from local and neighborhood villages, training them and seeking to support local economy in the village. That would be seen and social responsible business because they also support different local activities and mainly educational part of kids at the area.

With wooden batik place we had just a small project which was based on reusing the waste materials and also teaching the kids of unique wood batik skills. I received plenty of wooden things which by different shape, or details were already rejected as label as waste for burning; many good things which just had some defects and were not proper things to be on the market anymore so we were able to receive plenty of wooden things and to organize workshop in Kalipucang

village. We had a project teaching local kids about story of batik, unique wooden batik process and making our own batik on wood.

Mosaic pottery

The Mosaic pottery place is located just close to “Rumah Inspirasi”. Place seen as small good example of combination of micro entrepreneurship and social responsibility. Place regarding to the harvest season employees from 5 to 10 local people. All the ladies working in the workshop place coming from the village,

and are trained by the owner and his wife who are also working at the same place. Family also tried to provide and involve ladies from the families who would have lower financial status and give them new skills so improve wealth of family.

The mosaic pottery place is constantly receiving many orders from various galleries and stores all around Indonesia. During my stay I had chance to visit the Mosaic pottery place few times to understand the working ethics more and the history of the place, mainly with focus on social responsibility and also participate in workshop making mosaic pottery few times.

Leather Wayang puppets

With participants of “Rumah Guide” project we had goal to go around various villages around to discover and meet small local entrepreneurs. The Leather Wayang Puppet place we found was the first one of this trip. This is very small but highly professional leather handmade wayang puppet place. This small entrepreneurship is owned by one family and just 2 of them are organizing the workshops. Husband is making leather wayang puppets by hand and wife is painting them. Husband learnt his skills from his

father who was wayang puppet performer and wife following the family business studied and learnt everything about wayang from husband, books and various sources.

This family have one boy who is still in elementary school but already interested in wayangs also, especially handmade to keep this interested and handmade traditional alive parents from time to time visit his son’s school to held various workshops related to history of wayang puppets, making or coloring processes.

Pottery decoration place

Close to the mosaic pottery place there is also a small local entrepreneur community decorating the traditional pottery made in Kasongan area. This place directly sells all the production to few big souvenir stores on the main road. The entrepreneurship is based decorating pottery in traditional and modern motives.

This small has only from 2 up to 3 employees and also in additional receiving many orders for wedding celebrations. During my stay to support this local business we brought few small groups of local people for the workshop.

Groups were learning different techniques and also trying to decorate their own pottery.

Traditional Javanese material wowing center in Sedayu

Talking further about cultural empowerment in relationship in business possibilities the traditional Javanese material wowing place is also one of the good examples. The place is located in small village close to Sedayu area and has been producing materials for the last 40 years. As small home business started by the father now its continued and developed by second generation already. All the wowing machines and technology designed by the father who established the business. The yard design technique and also some specific details also created by the owners during the years of production.

While Batik is highly famous and well known in Indonesia and abroad promotion of traditional Javanese material and cloth also is the part of cultural heritage. Since the beginning of the business the father is implementing social responsibility aspects – his main workers again only comes from local area so local families could be supported. And even now while they have orders from Japan, Malaysia and local market they also respect local life and customs as for example during the main harvest time all the workers would have a time out so could harvest their land and priority for employment always would be from people in local village.

As the part of promotion of cultural heritage family always take time to show and to explain the visitors about all the process, materials, and traditional clothes. Also from time to time they participate in various activities as local celebrations or school activities where they could promote cultural heritage.

Wooden House Leather workshop and Cosmas Dwi Arta Joglo workshop

Cosmas Dwi Arta and his family is an exceptional example of establishing and managing even few home businesses. As being full time employee at university after work at home he and his wife also holding few businesses based on cultural heritage.

One of it its “Wooden House” leather goods and workshop place. Everything started when Cosmas found old leather crafting tools from his father in law and decided to learn leather crafting as a hobby. While in the time his wife also got involved now they have a huge variety of their own designed handmade leather things from bags, belts, wallets, notebooks, jewelers, passport holders and so on. Everything is decorated by hand using different leather carving tools. “Wooden House Leather” brand is getting more and more well

known around people they are getting personal orders, also main marketing strategy on promoting

business in various handicraft fairs and festivals seems be working really well as last time they got personal invitation as the start up business to participate in national handicraft fair in Jakarta.

As part of education Cosmas also is organizing and always open to share his skills and organize workshop on leather carving. During my internship I had possibility to participate twice also as a personal initiative in supporting home business were advising him to reach especially foreign tourist and offer them a workshop and also brought small foreign group for his workshop.

As second home business family is also building traditional Joglo house to keep the cultural heritage alive. The main idea of this business is also based on reusing – they don’t use new wood but would be rebuilding old Joglos and used wood, renewing and building the new Joglo. As the part of their own Joglo house during the brainstorming we made an idea about Joglo home stay. This could be made at their own separated attic room which is used now as a terrace and family guest place. In establishing Joglo home stay at their place at the same time people could take part in workshops and also know more about local traditions and customs.

“Lopis” and recycled goods

Another family I met who is an example of social business and cultural empowerment also has more than few home businesses. One of it is “lopis” the traditional sticky rice snack making. Family would make lopis few times a week and all would be sold just by orders online around the area – the way of promoting the business and building their own circle of customers’ shows new way of marketing of traditional cuisine.

Also they hold their own souvenir making place mainly promoting goods made from recycled paper like notebooks, photo frames, and postcards and also goods made from recycled material mainly linen and batik.

Bakpia sweet roles

Bakpia is a well known traditional sweet doughnut type cookie from Yogyakarta area. During my internship I was lucky to visit little bakpia making entrepreneurship. I was able to observe process of preparation, differences among taste and ingredients. I also was able to find out few unique secrets of making this traditional cuisine sweet more special.

Bamboo workshop

Another neighborhood home business based close to Rumah Inspirasi – bamboo basket project. At the neighborhood we had first process – making bamboo lines which later on will be used for making various things from bamboo wood mainly traditional baskets. I was able to observe the process and also learn to make it by myself

Blangkon

Not far from the bamboo basket place there is another cultural based entrepreneurship – blangkon (traditional Javanese hat) place. There are from 7 up to 10 people working there, mainly man who would be producing minimum 200 hats daily. This place directly sell blangkon at the most touristic places of Yogyakarta, also has many buyers from other cities in Indonesia. At the same workshop are they also hold small batik decoration places where they would be making specific golden/silver color decorated batik for wedding ceremonies.

Recycle art gallery

One of the biggest galleries in Kalipucang area is located just by the entrance to the village. It is very well known social business not just around the area but also in different cities. Gallery was created as small family business now holds a very large studio for

workshop and also the store. Main focus of this place is recycled made home accessories, furniture mainly using old wood, metal cans or any large good made from metal/plastic and also on the recycled paper made large scale paintings or reproductions.

Gallery always hosts many artists at the moment of my visit there was a large group from ISI Yogyakarta Art

University preparing and creating their exhibition based on large scale recycling art. Also this place has connections with foreign artists who would come to hold their workshops or support and participate in idea brainstorming.

The main social strength of this place is waste reuse, transformation into something useful and practical again while the waste management and trash pollution is very strong and sensitive issue in Indonesia.

Luwak coffee

Related to specialties of local cuisine was also happy to participated in one workshop of developing new start up business this time specifically of Luwak coffee. There are main points I truly like about this place which is not just a Luwak coffee selling.

At first they would try to support small other coffee plantations around local area which is not so developed yet, as having social responsibility sense they have chosen to build partnership with new small coffee sellers in Merapi volcano area trying to invest also in supporting the business and development for people in Merapi volcano and around volcano after the eruption. Also the lady form the start up business is working as the chemistry lecturer in the university so matching both ideas together they also ferment their own coffee at home.

During the workshop we were able not just to try and taste different coffees but follow the process of homemade roasting and fermentation. Me together with

“Rumah Inspirasi” also were trying to develop some ideas how to promote and make this home business unique in the area.

Bird sellers

One of the most unique and would dare to say culturally most exceptional trips I had an option to have was to observe “daily work” of bird sellers. First of all had an option to join group of 5 bird sellers going through different small markets and quite remote places to look up for the birds they can buy and resell in Yogyakarta.

All of these people are old and well known bird sellers in the area they don’t sell birds at the market anymore normally people would just come to their house and buy directly. As I have been travelling in many different cultures and continents haven’t seen before such a wide and strong culture related to birds as I have faced here. It is not just a very important symbol for Indonesian (also often all Asia region) people but also you could find such a unique competitions as the most beautiful voice, the reddest colors and so on. During the trip I had chance not just to meet different sellers to see many local places but also to see how this specific cultural belief was transformed into such a big business. While in true bird business is very high in Indonesia especially related to bringing birds from other islands.

Conclusion

To sum up and evaluate all the activities I had during the period of my internship I would

love to say I was very happy to co operate with “Rumah Inspirasi” also so lucky to meet so many inspiring entrepreneurs and small community based NGOs. This really first of all helped me to understand many things better starting from aspects of social life, political situation, cultural awareness, business system and most of all mentality of different people.

Main goals and achievements of my internship were:

- To analyze NGO position and situation in small communities, understand the possibilities and limitations of NGO work development in Indonesia – I have stayed and participated in local NGO management and activities for 7 week. As in general to sum up I would say I really got various experience in seeing NGO management, different projects, activities and

challenges. And most of all very happy that I could participate and hopefully implement something positive into NGOs activities during my stay.

- To follow and participate in educational activities related with environmental education, tourism, non formal education, social education – I had a chance to participate and facilitate different activities based on education. It was very valuable personal experience while I could work together with local people also share ideas and create together.
- To take part and develop new ideas related with NGO management – this could be a very nice example of co-operation and cross-cultural sharing. I am happy I could see many different aspects of NGOs and also to share the knowledge so we could fulfill each other's plans.
- To observe and analyze micro and medium size entrepreneurs in Kalipucang area and small neighborhood areas, focus on home business and cultural empowerment project – this is one of the most interesting parts for me. Practically find out how the home business are working, what is based on, how it started and etc. And here, especially in the smaller area to see how almost every home business would respond and support also community issues.
- Consult and implement development ideas for micro entrepreneurship if it matches with my knowledge and professional experience – try to share the knowledge in brainstorming ideas for development also sharing various personal experiences hope made to develop some practical ideas to implement.
- Improve my personal skills in various fields especially learning more about Indonesian heritage: culture, cuisine, handicrafts – I have seen really many things and tried making also. The main thing I am really happy that most of the entrepreneurs I have seen and visited were closely connected to Indonesian or Javanese traditions so at the same time I also learnt a lot about the culture.
- Spend time with local people to enrich knowledge about social capital and social norms in Indonesian society – the relationship among people the support and openness really the things which I always felt living in smaller

areas in Indonesia. I have met many different people and from everybody could heard and learn something, its an amazing experience.

As I mentioned before the strength of the social capital is still the most impressive things for me, this relationship between people I noticed in small areas, how easily they would co operate how would support each other in my opinion is the main aspect which would lead for the fast business development. Also during my stay had a chance to see various aspects of social activities – weddings, funeral, celebrations, meetings of local communities, meetings with head of the village, demonstrations, family celebrations. As having a good political space and regulations in starting and owing small businesses it is not a surprise that so many people would held a small eating place, workshop place or something by their own skills – in the end having no strict regulations on these people give them freedom in operating and managing things by their own. This in conclusion gives them practical business skills.

The variety of knowledge I got during my internship also makes me grown as a person – I was able to see so many different things starting from unique culture heritage, to people trying to address hot issues in the society, till education institutions and so on. At more over I not just practically improved my own skills in various fields or managed to know more about micro business situation in Indonesia but also very happy I was able to take part in developing new ideas, organizing common events and most of all building strong and very close relationship with many local people with whom I will stay and now after the internship is over.

As now finishing my studies after one year stay in Indonesia I truly appreciate opportunity in having possibility to learn in different way – in discussions, information analysis at university and also not practically following my works during an internship. I also got some new inspiring ideas and co operation projects which I hope to keen on and implement in the nearest future when I am back to my home place and work. Also this knowledge and skills which I received during my internship will be practically important for me as NGO worker myself – in my country I also mainly focus on social businesses, social and human rights, non formal education so I many things I received I am planning practically use in my own work.

**THE MODELS OF TOURISM SECTOR DEVELOPMENT OF BANDUNG
REGENCY AND JEMBER REGENCY IN RELATING WITH OWN-
SOURCE REVENUE***

(COMPARATIVE STUDY OF BANDUNG AND JEMBER REGENCY)

By: Elizabeth Tiur Manurung and Arthur Purboyo

eliz@unpar.ac.id ; Arthur_purboyo@yahoo.com

Economics Faculty of Parahyangan Catholic University in Bandung

Abstract

The purpose of this research is to understand more deeply how the tourism sector can contribute to improving District Own Source Revenue/ Local Income (Pendapatan Asli Daerah or PAD) in Bandung Regency and Jember Regency.

Through the use of descriptive analytical method and using data about PAD Bandung Regency and Jember Regency for the period of 2003-2013 as well as the result of interview with 180 tourists, The Directorate general Tourism, Local Revenue Offices, and the related parties, then the result of discussion and the data processing can be summarized as follows.

Conclusions indicate that the local Income of Bandung Regency and Jember Regency during the period has been a significant increase of 10 times in Bandung Regency and 15 time in Jember Regency. While the effect of income from tourism industry on Local Income is equal to 16.34% ($t = 0.002$) and 17.64% ($t = 0.000$), respectively for Bandung Regency and Jember Regency. With Correlation (Pearson) are 77% and 95.9%.

The influence of the tourism sector revenue on Local Income both Bandung Regency and Jember Regency is very significant, it become a trigger for more focus on developing the tourism sector. And based on the processing of SWOT about tourism, factors that become a strategy to develop the tourism sector including for Bandung regency: local's advantage based tourism such as nature-based tourism, culinary, arts & culture, shopping and become an extension of Bandung City's tourism. For Jember Regency: generate more attractive tourism program such as Jember Fashion Carnival which creative and innovative because it has to compete with Rio de Janeiro's carnival.

Key words: tourism sector, Local Income, SWOT Analysis, policies about tourism.

*This research has been developed based on previous research: "*The Comparison of Tourism Industry Revenue in Increasing Local Income of Bandung and Jember Regency*", that has been done for UNPAR Research Department. 2014.

Research Background

Asean global market more and more increase in dominating our national market, and this will result in sharper market competition. Other impact of this competition is reducing revenue of Industrial sector, because this sector still cannot achieve its' competitive advantages. According to the data of trading ministry per January 2015 that the decreasing of industry sector revenue is around 4.7% (Kompas: 18/2/15: p 17). To maintain total National revenue constantly, then we have to seek other alternative sector, that has higher potential to produce more Income that is Tourism sector, which has also higher competitive advantages as well as it known that our country very popular as beautiful country.

The Tourism sector is very attractive to be developed, because it has its' own characteristics in absorbing natural resources and also human resources. For example, to compare to the contribution of tourism sector revenues towards Own-source revenue of Bandung city is closely 70% (Lumanauw; in Pikiran Rakyat: 1/2/14: p 22), and also comply with The President of RI, Mr. Joko Widodo target that is in 2015, the total of Indonesian Tourists will reach 20.000.000 (Pikiran Rakyat: 20/1/2015: p 15). Then, when Tourism sector can be developed properly, this will result in increasing income for Bandung Regency and also Jember Regency, and this own-source revenue will affect the development, and financing of public facilities will be better and better for both regencies.

Comparative data about tourism sector between Bandung and Jember Regency, is expected to be a reference for each regency to develop better, as it known Bandung regency is very popular with the creativity of its people especially in developing tourism sector, like culinary tours, shopping tours, nature tourism, art & culture tourism. While in Jember Regency, people creativity and innovation has been proved in a very famous carnival namely Jember Fashion carnival which is considered as similar as a Fashion carnival of Rio de Janeiro. The topic of this research based on the description before, is: "The Model of Tourism sector Development in Bandung Regency and Jember Regency in Relating with Own-Source Revenue (Comparative Study of Bandung and Jember Regency)".

Statement of The Problem

This research questions is identified as:

- (1) How is the configuration amount of Own-Source Revenue of Bandung Regency and Jember Regency.
- (2) Is the contribution of Tourism sector of Bandung and Jember Regency statisticly significant towards Own-Source Revenue of both regency
- (3) What is the appropriate development Model for Tourism sector in Bandung and Jember Regency

- (4) What is proposal policy of Tourism sector for local government of Bandung and Jember Regency

Research Objectives

- (1) To understand the configuration amount of Own-Source Revenue of Bandung Regency and Jember Regency
- (2) To determine whether contribution of Tourism sector income of Bandung and Jember Regency statistically significant towards Own-Source Revenue of both regency
- (3) To determine the appropriate development Model of Tourism sector in Bandung and Jember Regency
- (4) To determine the appropriate proposal policy of Tourism Sector for local government of Bandung Regency and Jember Regency

Literature Review

Local Income

As an archipelago, Indonesia with its magnificent richness and beauty, culture diversity, and its citizen's hospitality, has become very popular destination for both national and international tourists. This fact shows that Indonesian Tourism can become a potential sector to increase the Nation's income which has bigger multiplier effect in creating society wealth.

Local income is define as District Own Source Revenue from related regency, consisting of local taxes, retribution, and local assets management (Law No. 28/2009). One component of local income is income of admission fee at certain tourism destination that has recreation areas, restaurants, hotels, parking spots, etc. As state in the Local Income Regulation (January 1, 2011) that Local income components consist of: (1) Local Tax, Hotel & restaurant taxes, Tax for recreation that requires entrance tickets, Advertising board Taxes, City light Taxes, ground water; (2) retribution; (3) and Local assets management (Local Revenues Regulation: January 1, 2011).

Fact has proved, that the contribution of tourism sector revenue towards local income is increasing significantly. Therefore, when tourism sector well developed then also the local income will be increased properly. According to data of Tourism Ministry and Creative Economy (2011) the contribution of tourism sector revenue toward National income is arround US \$ 8,554.40 in the fifth place as the biggest contribution.

Tourism Sector

Based on esthimological approach, the word '*pariwisata*' (tourism) is originally from *Sanksakerta* language, it means' travelling in many times and many ways (Yoeti: 1990: p. 103, 107). According to Buchli (as Yoeti quotes), the nature of

tourist traveling is usually temporary to get some service of a specific tourism program from specific destination.

A Tourism destination must meet three criterias so that destination can be desirable by visitors/tourists. The first one is something to see, that is tourism object must have something that can be seen or used as spectacle by the tourists. The object must have some special attractiveness which are able to attract tourists to visit. Second, something to do so that tourists who traveled there can do something useful to give an exited and happy feelings in a form of recreation facilities either the playground or a restaurant, especially typical food from that place that able to make the tourist to stand-in the longer time. The third criteria is something to buy, is a facility for tourists to shop which generally are characteristics or icon from that region, so it can be used as a souvenirs (Yoeti: 1985: p. 164).

One of the characteristic of tourism impact is the multiplier effect, which means has an impact to the future and to the past. Essentially, the construction and development of tourism (Yoeti: 2001) is an effort to develop an attractiveness of tourism objects, which is realized in the form of beauty, diversity of Fauna & Flora, art, tradition and cultural diversity, as well as historical and archaeological heritage. Guidance of tourism objects and attractiveness with the development of business services and tourism facilities will function to increase tourists attractiveness of development of the new tourism object and attractiveness of which need to be supported by the development of adequate infrastructure.

Research Method

This research has used Analytical descriptive method. This method revealed the Tourism area situation based on the data obtained by collecting and analyzing data with high logical thinking to generate conclusion. In this case, especially analyzing about Tourism sector, Local Income/ Own-Source Revenue. And SWOT Analysis for determine the driver for developing tourism sector, policies for local government about tourism sector.

Research Object.

The research object are Bandung Regency in West Java and Jember Regency in East Java in Indonesia. The data for period of 2003 – 2013 about Own-Source Revenue/local Income, and about Tourism was collected from Local revenues offices, The General Directorate of Tourism, Tourism Ministry Offices, Statistic center Biro, as well as the result of interview with 180 tourists.

Discussion

A. The configuration amount of Local Income of Bandung Regency in period of 2000-2012

In the Year of 2000, the amount of Own-Source revenue of Bandung Regency still around Rp. 50 Billion, which is followed by significant increase in 2004 which rose 100%, and rose again on 2011 at about 100% anyway. And for our notes in 2014 own-source revenue is expected to reach Rp. 0.5 Trillion as budgeted in local revenues budget at about Rp. 512.623 (in million Rupiahs) which increase 10 times compared to 2000. The configuration amount of Own-source revenue of Bandung Regency in the table form and in Diagram form as shows bellow.

Table 1 Local Income of Bandung Regency

Tahun	PAD Bandung
2000	50,367
2001	78,717
2002	82,546
2003	99,761
2004	109,582
2005	108,322
2006	137,533
2007	147,631
2008	144,660
2009	153,272
2010	198,651
2011	291,062
2012	366,317
2013	368,109
2014	512,623

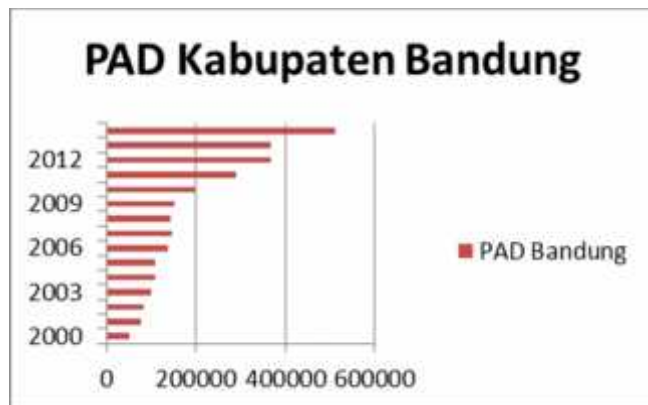


Figure 1 The Diagram of Local Income of Bandung

B. The configuration amount of Own-Source Revenue of Jember Regency in period of 2000-2012

While in Jember Regency the Own-Source Revenue in the Year of 2000 which the amount of the revenue is about Rp 17 Billion, followed by 15 times increase in the Year of 2012 which amount reach Rp 256 Billion. The driver of this increasing revenue is from the most popular event in Jember namely Jember Fashion carnival, that attracted very many tourist from local area also from other countries.

The configuration amount of Own-Source Revenue of Jember Regency in the table form and in the Diagram form as shows bellow.

Table 2 The Local Income Of Jember Regency

Tahun	PAD Jember
2000	16,984
2001	26,438
2002	33,105
2003	37,592
2004	40,910
2005	51,473
2006	68,448
2007	78,000
2008	136,471
2009	135,022
2010	150,936
2011	182,494
2012	255,805
2013	-
2014	-



Figure 2 The Diagram of Local Income of Jember Regency

C. The Relation of contribution from Tourism Sector to Own Source Revenue of Bandung regency.

This relation is measured by Statistic Regression with SPSS program version 17. And the result shows bellow.

Tabel 3
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	62208.941	33090.556		1.880	.087
IndstriPariwisata	16.340	4.080	.770	4.005	.002

a. Dependent Variable: PADBdg

The interpretation of the regression result above can be explained that the contribution from the sector affect the Own-Source Revenue by a significant amount of 16.34% from Total Own-Source Revenue, which is statistically significant because the level is $= 0.002$ (lower than $= 0.05$). This means that for every increase of 1 rupiahs in revenue from tourism sector will increase Bandung regency's Own-Generated Revenue by 16.34%.

D. The Relation of contribution from Tourism Sector to Own Source Revenue of Jember Regency.

The interpretation of the regression result bellow can be explained that the contribution from the Tourism sector of Jember Regency affect the Own-Source Revenue by a significant amount of 17.64% from Total Own-Source Revenue, which statistically significant because the significant level is $= 0.000$ (lower than $= 0.05$). This means that for every increase of 1 rupiahs in revenue from tourism sector will increase Jember Regency's Own-Generated Revenue by 17.64%.

Tabel 4
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	21868.796	9450.922		2.314	.043
IndstriPariwisat a	17.642	1.655	.959	10.661	.000

a. Dependent Variable: PADJember

From the result of the Pearson Correlation calculation, we found that the index of correlation between the tourism sector and the own-generated revenues of Bandung and Jember regency is 77% and 95.9% respectively. This means that the tourism sector in both regencies have been highly correlated with generating own revenues.

E. The Models of The Tourism Sector Development of Bandung Regency

The description bellow will explained about the Drivers of the development of Tourism sector, which is formulated in A Model. These drivers were determine from analyzing the result of observation and interview from around 180 Tourists that visit the Regency of Bandung. The SWOT analysis based on interview result has been used to determine this Model.

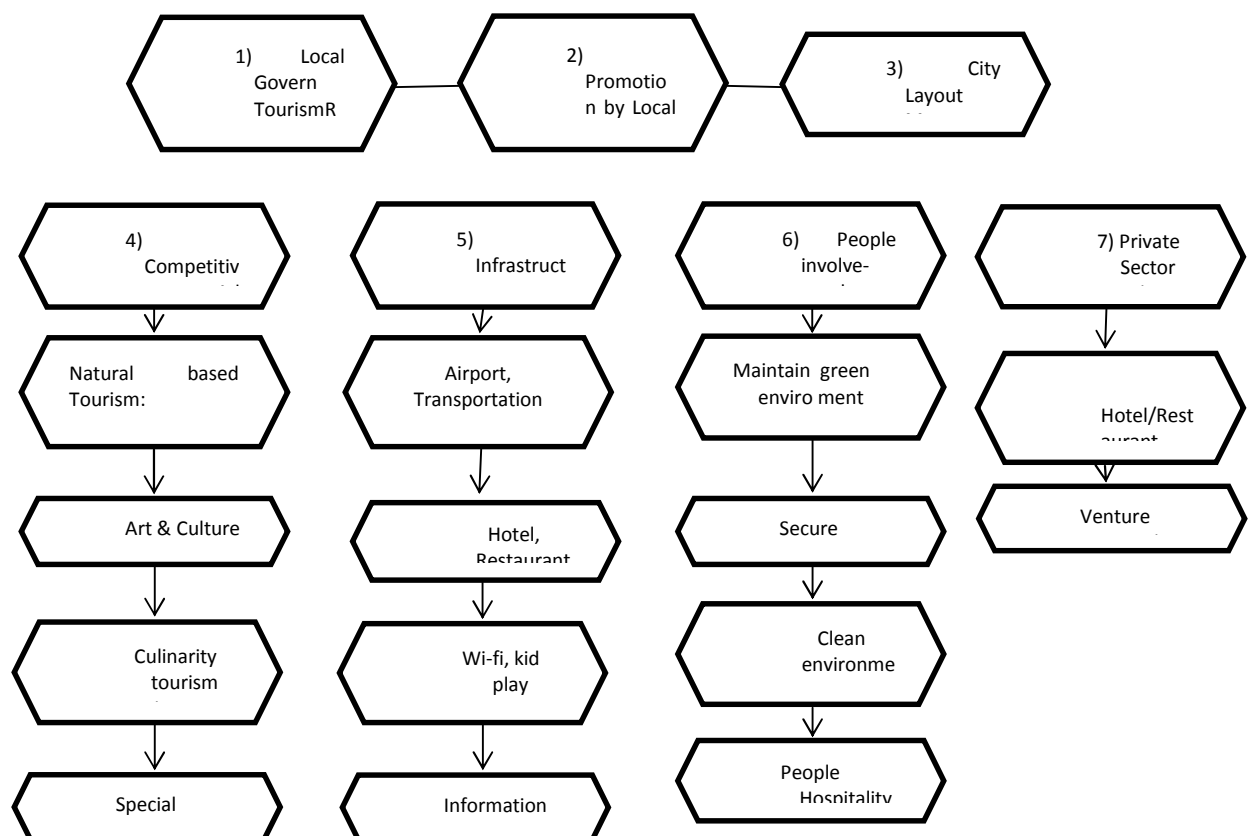


Figure 3 A Model of The Tourism Sector Development of Bandung Regency

Basically this model above consist of 7 drivers to develop tourism sector in Bandung Regency. These drivers are: (1) Local government tourism regulation – it purposes to make clear regulation about the standar of tourism sector; (2) better promotion – it is to promote all potential tourism destination to attract more tourists; (3) City layout management – means local government have to arrange city layout more neatly to decrease all crouded places; (4) Increase competitive advantages of tourism sector in Bandung Regency – like focusing on natural tourism, Art and Culture, Culinary and Shopping Tour, and doing many attractive events; (5) Developing infrastructure like Airport, City Transportation, Information center, Hotels and Restourant, Kid-play ground, wi-fi areas; (6) People involvement – like better skill human resources, more hospitality, clean environment, secure system; (7) Private sector involvement – example in joining culinary business or doing in joining capital.

F. The Model of The Tourism Sector Development of Jember Regency

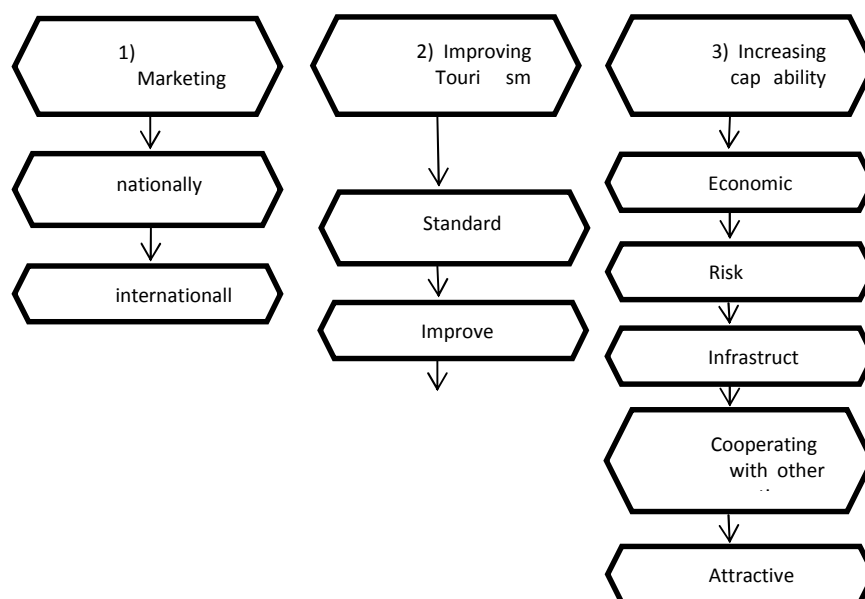


Figure 4 A Model of The Tourism Sector Development of Jember Regency

The explanation of the model above is for Jember Regency in developing their Tourism sector consist of 3 drivers, namely: (1) Marketing development in National and International scope, (2) Improving tourism management – like improve standard for tourism sector and improve quality in all aspects of torism; (3) increasing capability in Economic margin, risk management, infrastructure development, cooperating with other parties and attractive events.

G. The Policy Recommendation to Local Government for developing tourism sector of Bandung regency, are:

- (1) The development of the tourism sector in Bandung Regency will be more focused on developing Nature tourism, Culinerity tour, Shopping tourism, Art and Culture potentials as the overall strength of Bandung Regency
- (2) Developing infrastructure aspects. Most importantly, development of the airport and transportation example the access how to get there, accommodation such as Hotel, Inns, restaurants, and other specific group needs like playground for the children, and internet access for teenagers and business people, and also one stop tourism for the family.
- (3) Raising the awareness among the local people to help maintaining the tourism area, especially the cleanliness, security, comfort aspects. It is also important to provide an information center for the tourist, and giving more education for the people who works in the tourism industry
- (4) Making the Bandung Regency tourism as the extension of Bandung City tourism.
- (5) Building cooperation with local government and private parties for the development of tourism sector
- (6) Using the internet for promoting tourism sites.

H. The Policy Recommendation to Local Government for developing tourism sector of Jember Regency, are:

- (1) Improve the marketing about the tourism potentials and other information related to Jember Regency to the community , both locally and internationally
- (2) Improving the management of tourism, in order to raise the standard, quality and the competitive advantage of Jember Regency tourism both nationally and internationally.
- (3) Cooperation with other related parties for developing tourism sectors
- (4) Increasing the capability to reach much more economic margin, satisfying management to reduce market and production risk for better economy and increasing performance of tourism ministry.
- (5) Developing infrastructure to reach higher quality standard of tourism sector.
- (6) Increasing tourism program to attract more tourists to visit

Conclusion

Based on this research on The Models of Tourism Sector development of Bandung and Jember Regency in Relating with Their Own-Source Revenue, it can be concluded as follow:

1 Own-Source Revenue of Bandung and Jember Regency during the period of 2000 – 2014 significantly increased. Bandung regency own-source revenue in 2014 has been increased 10 times from the year of 2000, while Jember regency has been increased 15 times from 2000 revenues.

2 The relation of contribution from tourism sector to own-source revenue of Bandung and Jember Regency can be explained, that the contribution to own-source revenue of Bandung regency is 16.34% statistically significant with significant level $p = 0.002$ (lower than $p = 0.05$); while for Jember regency is 17.64% which also statistically significant with $p = 0.000$.

3 The Model of Tourism sector development of Bandung Regency has 7 drivers, such as: (1) Local government tourism regulation; (2) Promotion aspect (internet based); (3) City layout management; (4) Competitive advantage tourism design; (5) Infrastructure development; (6) People involvement; (7) Private sector involvement.

While The Model of Tourism sector development of Jember Regency has 3 drivers: (1) Marketing development aspect; (2) Tourism management development; (3) increasing capability in increasing economic margin, risk management, infrastructure development, and more attractive events.

4 The policy recommendation to local government for developing tourism sector of Bandung regency, are: (1) developing Nature tourism, culinary tour, Shopping tourism, Art and Culture potentials as the overall strength of Bandung Regency, (2) infrastructure development; (3) people involvement; (4) Local government and private sector involvement.

The policy recommendation to local government for developing tourism sector of Jember Regency, are: (1) promotion development; (2) Tourism management development; (3) Increasing capability in increasing economic margin, risk management, infrastructure development, and more attractive events.

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ECONOMIC VALUATION OF AMAL BEACH TOURISM: TRAVEL COST METHOD (TCM) APPLICATION

Sulistya Rini Pratiwi

Economic Faculty, Borneo Tarakan University

Bhayangkara street, Tarakan City, Indonesia

Email: miss.rainy@ymail.com

ABSTRACT

Public welfare indicated by the consumer surplus aimed. This study aims to calculate the economic value Amal Beach and analyze variables that influence. Individual economic value is calculated using the Travel Cost Method (TCM), this model illustrates the number of visits and is a function of the cost of the trip, the time required for travel, places and income replacement. The number of visits to Amal Beach positively and significantly influenced by the cost of the total visits to places other than the replacement Amal Beach, visitor education, leisure and work time visitors. The cost of the average trip is Rp.108.100, - and the average income is Rp.2.388.500, -, the number of visitors in the last year that in 2013 the number of visits of 64.560 visitors. To obtain economic value Amal Beach calculated with total visitor spending is Rp.774.720.000, -.

Keywords: Economic Valuation, ITCM, Society Welfare, Consumer Surplus.

1. BACKGROUND

One major contribution of Local Revenue Generation (Pendapatan Asli Daerah/PAD) in the era of regional autonomy is the tourism sector, given the huge potential this sector generate a substantial income because it is multi-sectoral and multi-effects. With the development of the tourism sector will support income generating from various sides, eg from entry fees tourism, hotel and restaurant tax, business license tourism, in addition to also absorb labor from the formal and informal sectors. Strategic position as the development of the tourism sector of the developmental-planning very important to think about. Encouragement of people to travel arise due to economic interests, social, cultural, political, religious, health or other interests or just want to know, or to add to the experience of learning. In

addition, the emergence of the various interests of the community from time to time in line with rising incomes, modernization, and technology (Swantoro, 1997: 3 in Aryo Dwiatmojo).

Amal beach in the City of Tarakan. Although Amal Beach excluding white sandy beaches like a beach in some tourist areas on the island of Bali and other Indonesian coast. However, Amal Beach has retained the charm of tourism are worth a visit. Amal Beach is one of natural tourism objects have not been developed by the local government, precisely in the District of Tarakan. For local communities in East Kalimantan, especially the City of Tarakan, among students and employees, Amal Beach are target as refreshing alternative to releasing saturation, birthday celebration or thanksgiving school graduation. Utilization of non-marketable tourist like Amal Beach attractions are often not measured (neglected) in calculating the contribution of the economic value of tourism, so that quantitative data on the economic value is still very poor or even no. Therefore, it is necessary to calculating the economic value of Amal Beach as consideration in the planning and management of tourism in the future Amal Beach.

2. LITERATURE REVIEW

The studies that have been done with the theme of economic evaluation of recreation sites, first, a study conducted by Grandstaff and Dixon (1980) on "Assessment of Public Lumpinee Park in Bangkok, Thailand". This study used a travel cost approach with simple techniques that the zoning approach and using regression analysis. Respondents were divided into 17 groups based on administrative districts, which were taken 187 respondent survey data retrieval techniques, sample results can be concluded 37 percent of visitors every weekday and 67 percent of visitors to the end of the week. The results indicate that the week end visit more than working day. The second approach used to calculate people's willingness to pay to use hypothesis assessment approach. The first set of results reflect the value of the user because the interviews were conducted in the park, set the second coming of the respondents either users or non-users interviewed in their a residential park. Of samples taken in 17 districts in a circle around the park. Willingness to pay an average of those interviewed were grouped into nine monetary range. The amount of money varies from B 0 to B500 per year. While the social value of the broader good park for users or non-users.

Another study (Isangkura, 1998) used the contingent ranking method to measure the value of environmental benefits of three recreational areas in northern Thailand. Arin and Sills (2001) studied developing tourism to national parks in the Republic of Georgia. The study used CVM to determine potential revenue capture

by the park, with split sample evaluating the impact of 'annual pass' vs. 'daily entrance fee' payment vehicle on WTP and on expected numbers of and length of visits.

Pramudhito (2010), a case study Jumog Waterfall in Karanganyar, get that total benefit of the visitors at the entrance ticket is equal to zero is IDR.74.578.533,33, -, whereas if the consumer surplus per 1000 population per year in tariff ticket is IDR.3.000 , - is IDR.41,230,347.21, -. The magnitude of the average value of willingness to pay (WTP) per visitor to the development of facilities in Jumog Waterfall is IDR.7.014.06, -.

Premono and Kunarso (2010), calculate the economic value in the Nature Park Punti Kayu Palembang, with the travel cost method, in Palembang. The results showed that the factors that affect a visit include travel costs, population per district, and the amount of working time per day. Demand equation model based on travel cost method, ie $Y = -4.018 + 0.0002428 X_1$ with $r^2 = 0.767$; Y is the demand for recreation and X_1 is the travel cost. Economic valuation of the Nature Park Punti Kayu obtained from the average value of willingness sacrifice, values are sacrificed, and the consumer surplus per 1,000 population each is IDR.365,932.215; IDR.165,485.997, and IDR.200,446.218.

Future studies by Hakim, et al (2011), with the title "Economic Valuation of Nature-Based Tourism Object in Rawapening, Indonesia: An Application of Travel Cost and Contingent Valuation Method". From the results of the survey and analysis has resulted in the following findings: The economic value of ecotourism is estimated at IDR.7.41 billion for the consumer surplus and IDR.1.65 billion for the total profit per year. This means that a significant economic value-based nature tourism will disappear from any large-scale development by lowering the natural environment.

3. RESEARCH METHODOLOGY

This research was conducted at the site of Amal Beach, by using primary data and secondary data. Used as a sample of 200 respondents, were obtained using a questionnaire.

The economic value of recreation estimated using the cost method of travel, which includes the cost of roundtrip transport from home to site and other cost during the trip and on the Amal beach (includes documentation, consumption, parking, entrance ticket, etc). Consumption costs are those costs incurred during day of tourist visits reduced the average daily consumption costs. Regression analysis was used to determine the variables that influence the number of visits to Amal Beach. While the economic value is calculated using the demand function.

4. RESULT

4.1 Visit Tourist Attractions

Visitors generally relatively young age, the average age of 30 years and the majority (82%) are not married to the work of private employees and civil servants. Visitors male sex as much as 99 people (48.53%), and female were 105 people (51.7%). Socioeconomic characteristics Amal Beach visitors are presented in Table 1.

Table 1. Socio-Economic Characteristics Amal Beach Visitors

Description	Unit	Average	Minimum	Maximum
Age	Year	30	17	50
Education	Year	14	6	16
Income	IDR/Monthly	2.500.000	250.000	4.000.000
Consumption cost/daily	IDR/daily	20.000	12.500	35.000
Working time/daily	Hour	7,48	0	16
Leisure time/ daily	Hour	2,11	0	16
Leisure time/ week	daily	0,6	0	7

Source: Primary data, 2014.

Visitors generally come in the group (55%) by using a motorcycle, both with friends or relatives (25.2%) on a motorbike or public transport, only a small percentage of visitors who come with family (14.3%) or alone (5.5%). Most visitors use motorcycles (93.63%), while the rest (6.37%) using the car. The number of visitors who come in the group by using private vehicles due to lack of public transport to this place. In general, this visit is a visit more than five visits (88%), the other is the first visit (0.8%), visits to two (1.3%), visits to three (4.4%), visits to four (3.8%), visits to five (1.7%). The purpose of their visit is primarily recreational or eliminate saturation (85.2%), but it was a picnic / sight (10.3%), and other purposes (4.5%). The large proportion of the number of visitors private employees and civil servants showed that they need more recreation groups to eliminate boredom from routine daily work.

Table 2. Distribution of Amal Beach Visitors by Type of Work

Type Of Work	Number Of Visitors	
	Person	Percentage
Private Sector Employees	158	77,45
Bureaucrat	41	20,09
Entrepreneur	2	0,98
Housewife	2	0,98
Colleger	1	0,49

Source: Primary data, 2014.

4.2 Regression Analysis

The results of multiple linear regression analysis of the number of visits (VISIT) and the variables that influence (travel costs to Amal Beach, the cost of travel to another location, income, education, age, work time and free time) is indicated by a multiple regression equation as follows:

$$\text{LOG(VISIT)} = 2.651 - 0.044 \text{ LOG(COST)} + 0.031 \text{ LOG(SUBCOST)} - 0.057 \text{ LOG(INC)} + 0.179 \text{ LOG(EDU)} - 0.228 \text{ LOG(AGE)} + 0.260 \text{ LOG(WORK)} + 0.141 \text{ LOG(LEISR)} + e$$

Based on the results of these calculations, the results of the regression coefficients can be in the interpretation as follows:

1. Constant value (0) = 2.651 means that if all the independent variables (the cost of a trip to The Amal Beach, the cost of traveling to another location, income, education, age, work time and leisure time) is considered constant or unchanged, the amount VISIT have value amounted to 2,651 units.
2. The value of coefficient 1 = - 0.044 means that if the cost of traveling to Amal Beach increased by one unit then VISIT will decrease by 0,044 percent, assuming the other independent variables constant.
3. The coefficient 2 = 0.031 means that if the cost of travel to other tourist locations increased by one unit then VISIT will increase by 0,031 percent, assuming the other independent variables constant.
4. The value of coefficient 3 = -0.057 means that if income per month visitors increased by one unit then VISIT will fall by 0,057persen, assuming the other independent variables constant.
5. Value coefficient 4 = 0.179 means that if the variable visitor education increased by one unit, then VISIT will increase by 0.179 percent, assuming the other independent variables constant.
6. The value of coefficient 5 = -0.228 means that if the age of visitors increased by one unit then VISIT will decrease by 0.228 percent, assuming the other independent variables constant.
7. The value of coefficient 6 = 0.260 means that if a variable working time visitors per week increased by one unit then VISIT will increase by 0,260 percent, assuming the other independent variables constant.
8. The value of coefficient 6 = 0.141 means that if a variable time visitors per week increased by one unit then VISIT will decrease by 0.141 percent, assuming the other independent variables constant.
9. In this study, the independent variables were used as many as seven (7) variables. Based on test results simultaneously existing models in the model, it turns out the value of the F statistic is equal to 0.511 with a p-value = 0.826, so

that the $p\text{-value} > 0.05$. Based on these results, then H_0 is accepted, these results show that together, the independent variables namely the cost of a trip to The Amal Beach, the cost of traveling to another location, income, education, age, work time and free time used in this study influence WTP variable.

10. The regression results that the independent variables have a significant effect. P-value is more than seven variables significance level of 5 percent.

11. This model escapes the classical assumption test.

From the calculation of the value of consumer surplus IDR.14.068.560, - per individual per year or consumer surplus per individual per one visit for IDR.827.562, - where the visitors who came to Amal Beach on average have been as many as 17 time.

Consumer surplus obtained by IDR.827.562, - per individual per one visit showed that the consumer benefits that a visitor of Amal Beach greater than the average expenditure attraction to the Amal Beach is equal to IDR.108.100, -. This means that attraction of Amal Beach provide greater benefits than what was offered to the visitors and also of the costs to be paid in order to enjoy recreation on there.

To obtain the total economic value (EV), then use the surplus value per individual per year, namely:

$$\begin{aligned} EV &= CS \times \text{Visit} \\ &= 14.068.560 \times 64.560 \\ &= \text{IDR.908.266.233.600,-} \end{aligned}$$

In order to obtain the total economic value of Amal Beach is IDR.908.266.233.600,- , the number of visits last year (2013) as many as 64.560 visits. While the total expenditure (TE), namely:

$$\begin{aligned} TE &= \text{IDR.12.000} \times 64.560 \\ &= \text{IDR.774.720.000,-} \end{aligned}$$

Total expenditure visit Amal Beach is equal IDR.774.720.000, -.

5. CONCLUSION

1) The number of visits to Amal Beach positively and significantly influenced by the cost of the total visits to other touristm object, visitor education, leisure and work time visitors;

- 2) The correlation between the number of visits and the total cost to Amal Beach, visitor education, leisure and work time visitors are very strong;
- 3) The average of travel cost is IDR.108.100,-, and the average income is IDR.2.388.500,-, with 64 560 visitors in the last year (2013);
- 4) A change in travel costs by 100 percent, will be responded the community with 0,074 percent increase in the number of visits. This shows that the demand for recreation Tourism Amal Beach inelastic (<1);
- 5) If there is a 100 percent increase in revenue, a visit to Amal Beach rise 2.11 percent. It is claimed that the income effect is greater than travel cost to the number of visits Amal Beach;
- 6) The economic value calculated Amal Beach with total visitor spending is IDR.774.720.000, -.

6. SUGGESTIONS

The next research is needed, use the travel cost method zone. So as to determine the influence of the distance to the tourist sites of origin. Then, to increase the economic value of travel is necessary to manage a better tourist areas, such as taking care facilities and existing infrastructure, and improving / adding infrastructure that does not exist (camping ground, shelters, walkways, outdoor theater and buildings which can be used as a venue or seminars) so that it can function, and do promotions.

Because Amal Beach tourism demand is inelastic, then to have to be held rise in admission tickets, so that there is additional revenue in Attractions Amal Beach, and Local Government.

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DEVELOPMENT OF COMMUNITY BASED ECOTOURISM AT PAMONA AREAS

Tabita R. Matana¹, Gitit I.P. Wacana², Serlia R. Lamandasa³

ABSTRACT

The purpose of this research is to explore various tourism potential in the region for the development of ecotourism Pamona Pamona community-based, integrated, and sustainable. Techniques of collecting primary and secondary data by means of triangulation, namely: Interviews, documentation of relevant agencies and of the location of research, observations, also conduct the focus group with community leaders Pamona coastal lakes Coastal Poso and Poso. Poso lake is unique as the tectonic lake with extensive stretch of $\pm 36\,677$ ha, altitude of ± 600 m above sea level, golden yellow sand and clear water. This uniqueness becomes a potential tourist attraction. Poso lake tourism potential development as a tourism icon with Poso lake festival every holistically not been handled by various parties: the provincial government of Central Sulawesi, Poso district, even private parties. The economic impact enjoyed by the public only during the festival period without sustainability (temporary). Accessibility, facilities and infrastructure to various tourist sites remain inadequate. Not maximal effort to build awareness of the use and maintenance of the potential of nature, history and culture as a tourist attraction.

Keywords: *ecotourism, forest protection, sustainable*

INTRODUCTION

Poso post-conflict societies began to clean themselves with the potential of dynamically engaged in development with GDP growth increased Poso district, in the crutch in 2012 by the three main sectors namely agriculture sector 44.43%, trade, hotels, restaurants 14.94% , and the services sector 10.98%. Poso district in the spirit of regional autonomy, the government should explore the potential sources of revenue, one of which is the tourism sector. Based on the research results Matana (2010) states that one of the tourism potential which is owned by the district of Poso in Central Lore districts (Doda) highly diverse, yet public awareness and government districts was minimal on the wealth of tourism potential, appear on accessibility to tourist sites not maintained. This is in line with the results of research Pelombe (2011) which states Development of tourism facilities in the district of Poso is still very low, with various potentials, needs development and better handling. Likewise, the research states Lore tourism potential in the area of the west should be developed not only nature, but also cultural tourism (Kaitu). In 2003, the research ministry of culture and tourism of Indonesia stated that public participation in the development of tourist

destinations is still low. According Suranti (2005) one contributing factor is the absence of a clear and detailed provisions on community involvement in the development of tourist destinations (DTW). Principles that were crucial in the development of community-based tourism is a must. Community involvement is an early start of the planning, implementation, monitoring, so that the sustainability of tourism development can be guaranteed, because the carrying capacity of the public will minimize negative impacts. Statistically, tourist arrivals to Central Sulawesi in 2012 only 9.255 people. This figure is up slightly from the previous year, 7163 people. Travelers with main destinations of Lake Poso is about 1,000 people.

THEORITICAL REVIEW

Economic Growth With decentralization Poso district needs to take part in various aspects of the economic potential possessed in order to boost economic growth and progress of development based on the empowerment of human resources. Poso district there are 19 districts with economic growth rates varied among districts.

Economic growth is the development of activities in the economy that led to the goods and services produced in the community grows so will increase the prosperity of society (Sukirno, 1994). According Arsyad (2010), economic growth is defined as the increase in GDP / GNP regardless of whether the increase is larger or smaller than the rate of population growth, and if there is a change of economic structure or not. The average economic growth Poso District from 2003 to 2012 amounted to 6.39%, is quite high, but when compared with other areas still unable to compete. The tourism sector is less developed in Poso district, this is expressed through the income data from the original local tourism sector is still lacking.

The rate of economic growth in the hospitality trade sector services appear to fluctuate in chart 1



Sumber : BPS. Poso tahun 2015

According to Todaro (2006), economic growth is influenced by several factors: (1) growth of population and labor force, (2) the accumulation of capital, (3) the advancement of technology. According Sukirno (2000) there are several tools to measure economic growth, namely: Bruto Domestic Product and Gross Domestic Product Per Capita. Meier (1989), more specifically said economic development in other words no longer revere GNP as development goals, but more focused on the quality of the development process.

Regional development held in Indonesia at least includes three levels, namely at the level of micro, meso and macro levels. At the micro level aims to identify urgent needs and meet the basic needs of the community, help the region in order to achieve economic independence and improve competitiveness, as well as encouraging the development potential of the region to be able to export clicking industrial or agricultural, to support the national economy (Soedjito, 1997) , The structure and condition of the area for each region is different, This has implications for economic policy formulation and development planning (Sjafrizal, 2012). Poso District continues to experience growth in the area of public administration since 1999 with the expansion of Tojo Una-Una, Morowali, and North Morowali. Poso District alone the creation of districts to 19 districts. Each of the districts has the economic potential to be developed with a good net work between regions.

The principal issues in regional development is located on the emphasis on development policies based on the uniqueness of the area in question by using the potential of human resources, institutional, and physical resources locally (local). Development policies need to plan so that everything that comes from the area in the development process to create new employment opportunities and stimulate increased economic activity. Data Gross Domestic Product is one very important indicator in the planning and evaluation of development. Total population Poso district in 2012 reached 226 389 inhabitants. This amount is the result of population projections based on the Population Census (SP) in 2010. The number of male population reached 117 667 inhabitants, while the number of female population 108 722 inhabitants. If the year 2011 compared to the population of the district of Poso increased increased 6.23 percent, or as much as 13 293 inhabitants. The rapid population growth indicates increasing economic growth Poso district. Along with population growth, the population density is also increased. Recorded a population density 26 people / km², with an area of 8712.25 km² Poso district. Poso Kota is an area that has the highest population density is 1,712 people / km² and an area of 12.8 km², while the District of Central Lore terjarang have the population about 4 people / km² and an area of 976.37 km². peopole / Km² with the total area of 976.37 km². (BPS Poso, 2012). Efforts to boost local economic growth, needs to take into account local

characteristics (specialization, diversity and competition) and for investment. Differences in regional conditions have implications for development that is applied to the region. If will develop a region, it is necessary to be adjusted to the conditions (problems, needs and potential) of the region. Therefore, it is necessary to do an in-depth research on the condition of each region is useful as a reference in development planning in the region (Arsyad, 1999).

Development of economic activity in a region that impact on improving community welfare planning is necessary in accordance with the conditions of each area. The development of economic activity can be assessed Poso district in several sectors, one of which is the tourism sector. Tourism strategic planning is based on the tourism potential of the data and the specific conditions of an area to become a tourist destination. According Pendit (2006) classification of tourist destinations (Destinations) based on the factors: 1) nature; 2) culture; 3) traffic / accessibility; 4) economic activities; 5) political activities / central government. The concept of growth centers can be used in the development of regional economic activity tourism sector. Growth centers embraced the concept of concentration and decentralization simultaneously. In determining the location of the center of growth to note the various advantages owned by the region concerned, among other things: 1) The road network, which reach all areas of telecommunications,; 2) economic potential with the potential to be developed; 3) the relationship between the input and output of each industry; 4) determine the types of facilities and infrastructure for the development of growth centers; 5) establish an organization that will manage and coordinate the growth center (Sjafrizal, 2012).

Tourism

In the tourism activity in which there are three elements namely: the movement of tourists, community activities that facilitate the movement of tourists, and the implications of the movement of tourists and activities that facilitate community towards the wider society. (Pitana, 2009). From the economic side of tourism there are four key elements that closely blessings each other in a system, namely: a) requests or requirements; b) the offer or the fulfillment traveled; c) institutional markets and facilitating role; d) actors or actors who move three elements (Janianto and Weber, 2006).

Tourism as an economic activity must be viewed from two sides namely, the demand side and the supply side, success in the development of tourism in a region highly dependent on the ability of planners to integrate the two sides are balanced in a tourism development plan (Gunn, 2008). Importance of Tourism in developing countries because of Tourism is the principle of "export" (foreign exchange earner) for 83% of the developing countries, and leading export for 1/3

of the poorest countries. For the world's 40 poorest countries, tourism is the second most important source of foreign exchange, after oil. Tourism in developing countries increased by 9.5% per year compared with 4.6% worldwide. (Global ecotourism, 2013).

Empirically ecotourism plays a role in four indicators, namely the conservation of financing conservation, conservation education, conservation ethics, and resource conservation. As in the case of the issue of poverty, ecotourism contribute to the improvement of local people's income level, an increasing number of people who work, infrastructure improvements, and local participation (Agrawal and Redford, 2006).

METHODOLOGY

In studying the problems in this study, the method used is qualitative data retrieval technique purposive and snowball.

A. Data collection techniques by means of triangulation, namely:

- 1) Interviews: Semi-structured interviews; by using a list of interview structured and open to explore in depth information.
- 2) Documentation; documentation originating from the subject, informants, as well as documents from the office of the village and the department of tourism, environmental agencies, and various related agencies.
- 3) Observation: Observation attractions and community activities.

B. Research Area: The area Pamona brothers composed of 6 districts

C. Analysis of Data: Analysis of the data used in this study is:

- 1) Analysis of qualitative descriptive,
- 2) SWOT Analysis

RESULTS AND DISCUSSION

Poso District is largely a mountainous and hilly region, the height of the region in general is above 500 meters above sea level. slope / slope consisting of: slope of 0-2% (flat slightly sloping), scattered throughout the districts, especially South Pamona sub-district.

1. General Conditions Pamona Territory

General conditions of the study area consists of six geographic districts around the lake Poso has an area of $\pm 36\,677$ ha, altitude of ± 600 m above sea level, with climate classification according Shemid and Ferguson in climate type A with an average rainfall of 3284.16 mm / year with the value of $q = 19^{\circ} - 32^{\circ} \text{C}$. The area Pamona consists of six sub-districts brothers appear in Table 1. 1

NO	Kecamatan	Ibukota	Jumlah Desa	Jumlah

		Kecamatan		Kelurahan
1.	Pamona Selatan	Pendolo	12	-
2.	Pamona Barat	Meko	5	-
3.	Pamona Tenggara	Korobono	9	-
4.	Pamona Timur	Taripa	12	-
5.	Pamona Utara	Sulewana	7	3
6.	Pamona Puselemba	Sangele	7	3

Sumber : BPS. Poso

Based on data for Limnology. Lipi. (2015) Watershed (DAS) that goes into Lake



Poso mostly located in the District of South Pamona and rainfall is quite high. Broadly speaking, the watershed of Lake Poso can be divided into three parts: upstream, midstream and downstream. Catchment area of Lake Poso is largely located in four sub-districts South Pamona, Pamona West, North Pamona, and East Pamona. Danau Poso has adequate water resources potential because it supported the catchment area (DTA) at 5 times the surface area (Dewanto, et

al., 2012).

2. Socio-Economic Conditions

Since the Poso conflict and post-conflict, demographically coastal region around the lake has increased the number of displaced people. Similarly, in the transfer of assets and economic akfitas so the impact on forest encroachment. communityactiity in the use of land for plantations cacao, clove, etc. have passed the peg which has been determined by the forest service, especially in the area of West Pamona, Pamona Puselemba. Based on data from Lipi Limnology (2015) Lake Poso function as:

a) The ongoing lifecycle Flora / Fauna.

- b) Sources of clean water that is used directly by the public good around. the lake and the people who live in the watershed Poso and Poso as Capital City District.
- c) Means of transport.
- d) The potential attraction.
- e) The potential for the development of freshwater fisheries.
- f) Potential of Agriculture.
- g) Sources of Water Power (hydropower), which are in the process of development by PT. Poso Energy + of 600 MW which is capable of supplying the electricity needs in three areas covering the province of Central Sulawesi province, province of South Sulawesi and Southeast Sulawesi Province.

1. Potential Pamona Attractions

Poso lake located about 57 Km from the capital of the district, has reached a depth of 510 meters surrounded by several villages in six regions of the sub. Poso lake tectonic lakes, Indonesia's third largest unique year-round clear water, golden sand, undulating like an ocean nuanced. Mengagenda provincial Tourism Department Poso Lake Festival (FDP) each year in August-September, with various race event, but the economic impact is only the impact during the festival period.

Table 1.2. Tourism Potential Pamona

No	Nature	History	Culture	Attraction
1	Pamona Nature Reserve (Anoa; Endemic Sulawesi)	An Ancient Tomb, Heritage	Sampapitutraditional wedding ceremony, Dance: Moende, Modero, Motaro.	water ski
2	Natural Park/gardenorchid	House of Netherlands	Pekasiwia,	JungleTrekking
3	Saluopa and Kandel	Evangelist	padungku	paragliding
4	Waterfallls		Music: Geso'-Geso '	boating
5	Siuri coast, coastal lake		Tambicustom home, Ancientgrave	
6	Tando Bone coast, coastal lake			
7	Natural Goa Latea			
8	Peak Padamarari			
9	Limba Ata			
10	Waterfall			
	Bird Watching			
	Scientific Tourism			

CONCLUSION RECOMMENDATIONS

1. Protected forest encroachment by local community activities around the lake.
2. Natural attraction sandpoints by utilizing Posolakeis not maximized.
3. Require counseling on forest conservation and forest functions to local communities.
4. Plan and develop attractions to the theme of local community-based ecotourism.
5. The absence of a model of tourism development with the theme of local community-based ecotourism and sustainable.
6. Provide training on making souvenirs
7. The provision of capital.
8. Governance natural park needs to be done by the government together with local communities.

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PICTURE :





THE MODEL OF MANAGEMENT SOCIETY POVERTY

SANTOLO COAST GARUT DISTRICT WEST JAVA

DR. Bambang Sudaryana MSi.DEA
Politeknik LP3I Bandung West Java Indonesia

ABSTRACT

Fishermen Society Santolo Coast Village District Cikelet Pamalayan Garut , have as many as 622 poor people, and 616 borrowed / debt to make ends meet . The poverty of fishing communities caused erratic income (depending on season) and did not have any other skills besides catching fish in the sea.

This study aims to assess the potential Santolo Coastal fishing communities , determine the value of the suitability and potential carrying capacity Santolo Coast , determine the economic value Santolo Coast region , as well as formulate directives poverty alleviation models Santolo Coastal fishing communities . Collection and retrieval of data through interviews to obtain information about an area of research (questionnaire) , field observation to observation of economic conditions , as well as literature. Data collected include the budget to meet the life and economic management policies in the region , as well as the social situation in Santolo Coastal . Analysis of the data used is multiple linear regression analysis . and analysis of the economic value of Santolo Coastal

Keywords : Poverty , fishermen , model, institutional

CHAPTER I

A. BACKGROUND

The problem of poverty in Indonesia to be one problem that has not been fully resolved by the government since the past until now. In general, poverty is defined as a condition when a person or group of people unable to meet their basic rights to maintain and develop a dignified life or the inability of work held to generate enough money to meet the needs of a person's life. In this definition, poverty is closely related to do with the availability of jobs roomy enough for the whole population. In this regard, Indonesia is considered as one of the countries that are in the line of poverty. Therefore there are very many income population owned by international standards is still lacking. Low levels of life is often used as a measuring tool in the welfare of its citizens or its people.

Why the greatest burden of poverty appeared in rural communities that in terms of satisfying their needs can't be fulfilled. But not only in the rural community just a problem of poverty occurs in large cities is also the problem of poverty still exist.

Various efforts and development has been done by the government to minimalizing poverty primarily to provide opportunities for the poor to improve their welfare, which according to a static institution that each year the poverty rate in Indonesia declined.

B. Problem formulation

1. How much influence on the welfare of fishermen expertise in Santolo Coast Garut District ?
2. How much influence regional potentials for the welfare of fishermen on Santolo Coast Garut District?
3. How much influence the economic potential for the welfare of fishermen on Santolo Coast Garut District?
4. How much influence on the welfare of Institutional fishermen fishing in Santolo Coast Garut District?
5. How much influence expertise, Potential of Regions, Economic and Institutional Fishermen on the welfare of fishermen on Santolo Coast Garut District?

C. Hypothesis

1. There Influence of expertise on the welfare of fishermen in Santolo Coast District
2. There Regions Potential influence on the welfare of fishermen in Santolo Coast District
3. There is economic potential effect on the welfare of fishermen on Santolo Coast Garut District
4. There Institutional influence on the welfare of fishermen fishing in Santolo Coast Garut District
5. There is the influence of expertise, Potential of Regions, Economic and Institutional Fishermen on the welfare of fishermen on Santolo Coast Garut District

CHAPTER II

A. The model proposed by Robert administrative expertise Katz in Harvard Business Review, titled "Skills of an Effective Administrator" from 1955, he identified three types of skills that must be owned by a leader is technical expertise, human, and conceptual.

1. Technical Expertise is knowledge and competence and proficiency in a particular job or activity. For example, to use a certain computer software packages (eg, MS Excel or Access) is an advanced technical skills.
2. Human Expertise is one aspect that makes it possible to work with people. This is in contrast with the technical skills to do the work together with the equipment. This capability helps us to get along with people and to communicate and work in teams.
3. Conceptual Skills is the ability to work with ideas and concepts. These skills allow us to better understand and determine the actions and steps to be taken in certain occupations

B. Michael Mumford and his colleagues propose a new model that is based on the expertise that must be owned by a leader who became known as Model capability expertise. This model has five components include individual attributes, competencies, results-oriented leadership, career experiences and environmental influences.

The main characteristics (main features) that were identified include:

1. Achievement Encouragement, the high level of effort, the high level of ambition, energy and initiative.
2. Motivation leadership: a strong desire to lead others to achieve common goals.
3. Honesty and integrity: trustworthy, reliable, and open.
4. Confidence: Confidence in a person, idea, and ability.
5. Cognitive Ability: Ability to exercise good judgment, strong analytical ability, conceptual and skilled.
6. Business Knowledge: Knowledge industry and other technical matters.
7. Emotional Maturity: well adjusted, do not suffer from severe psychological disorders

C. Potential Development of Tourism Region

Basically tourism development is a continuous process to perform matching and continuous adjustment between supply and demand sides of tourism available to accomplish the mission that has been determined (Nuryanti, 1994). While the development of tourism potential implies an effort to further increase the resources owned by an attraction by way to develop elements of the physical and nonphysical tourism system thus increasing productivity.

According to the tourism potential in Yoeti Mariotti (1983) is everything contained in tourist destinations, and is an attraction for people to want to come to visit the place. Tourism development is an alternative that is expected to encourage both economic potential and conservation efforts. Tourism development conducted to restructure the various potentials and natural resources and biodiversity in an integrated manner. In the next stage management model developed tourist area oriented environmental conservation (Ramly, 2007). Besides, to be able to carry out development needs to consider various aspects, a tourist attraction that will be developed must consider the terms of the development of the area into a tourist attraction that can be relied upon, namely:

1. Selection of the potential, this is done to select and determine the potential tourist attraction that allows it to be developed in accordance with existing funds.
2. Evaluation of the potential layout of the area, this work has a mind background about whether or not there is any conflict or misunderstanding between administration area related.
3. Measuring the distance between the potential, this work to get information about the distance between the potential, so it is necessary to map potential tourist attraction.

D. According to Horton et. al. (1991) defines a set of human society as a relatively self-contained, long enough to live together, inhabiting a particular area, have the same culture, and do most of their activities within the group. Ralph Linton (1956), in Sitorus et. al. (1998), defines community as a group of people who have to live and work long enough so that they can organize and think of themselves as a social entity with boundaries clearly defined. While Soekanto (1990) detailing the elements of society as follows:

- a. humans live together
- b. mingled in a long time
- c. conscious as a whole
- d. conscious as a living system together

According Nikijuluw (2003), which meant coastal communities are groups of people who live in coastal areas and the source of life economy depends directly on the use of marine and coastal resources; they consist of fishermen owners, laborers fishermen, fish farmers and other marine organisms, fish traders, fish processors, suppliers factors fishery production facilities. In the field non fisheris, coastal communities can consist of tourism services sellers, sellers of

transportation services, as well as other groups that utilize non-biological marine and coastal resources to sustain life

Fishermen, fish farmers and traders is a group of coastal communities which are directly commercialize and exploit fish resources through fishing activities and aquaculture. This group also is dominated settlements in coastal areas on islands large and small in Indonesia (Nikijuluw, 2003). Nothing coastal communities into small and medium scale entrepreneurs, but more of them are subsystems, running the business and economic activities to support their own families, the scale is so small that the results are only sufficient to meet short-term needs. In terms of fishing effort, poor coastal communities consisting of households fisheries catch fish without using a boat, using the boat without a motor, and outboard motor boats. With the scale of these efforts, fishermen are only able to fish in areas near the coast. In certain cases, fishermen can work together or partnering with large enterprises, so that they can go fishing farther from shore (Nikijuluw, 2003). However, the increase in income from the results of this cooperation will not mean much because of the number of household members were likely to cause the amount of their income is not sufficient to cover the needs of everyday life

Poverty as a lagging indicator of coastal communities is caused by three main points, namely structural poverty, superstructural, and cultural (Nikijuluw, 2003).

1. Structural poverty is the socio-economic structure of society, the availability of incentives or disincentives development, the availability of development facilities, the availability of technology, and the availability of development resources, particularly natural resources.
2. Superstructural Poverty is poverty caused by macro policy variables that are not or less in favor of the development of fishing communities.
3. The cultural Poverty is poverty due to the inherent variables, inherently, and be certain lifestyle that causes the individuals concerned difficult to get out of poverty because of these factors do not realize or not known by the individual concerned.

Poverty of coastal communities, especially fishermen, more due to socio-economic factors related to the characteristics of the resources and the technology used. Smith (1979) and Anderson (1979) concluded that the strength of fisheries assets is the main reason why the fishermen continue to struggle with poverty and nothing seems their efforts to get out of poverty. Rigidity asset is an asset nature of fisheries that are difficult to be liquidated or changed form and function to be used for other purposes. As a result, when the low productivity of these assets, the fishermen are not able to liquidate such assets. Therefore, although the low

productivity, fishermen still doing the actual fishing operation is no longer economically efficient.

Subade and Abdullah (1993) suggested another opinion, that fishermen survive on fishing industry because of their lack of opportunity cost. The opportunity cost of fishing is another possibility that can be done fishermen if they do not catch fish. If the opportunity cost is low, then the fishermen tend to continue to implement its business although the business is no longer profitable and efficient. Panayotou (1982) emphasizes that fishermen prefer to have a life satisfaction obtained from fishing than just activities oriented to increase revenue. This way of life as it is difficult to pull out of poverty because fishermen fishing was already happy with life.

CHAPTER III RESEARCH METHODS

A. Place and Time Research

Research conducted in Santolo Coast Cikelet Sub District Garut District . The research took place in July and September 2014. The results of the data collected from August to September 2014.

B. Research Methods and Sampling

This study uses survey, by interview using a questionnaire (questionnaire). Sampling method in this research is done by using purposive sampling, the sampling technique with a certain consideration. The method can be used if the sources or respondents interviewed are people who are experts or working in a field, for example research on food then the data source or resource person is the person who dietitian (Sugiyono 2010). Purposive sampling method or judgment, in which the determination of sample obtained from consideration of the interviewer, with a note that the respondents who were interviewed are people who are experts or working in the field of research that is being studied or the late respondent meets the criteria specified by the interviewer (Fauzi 2001).

C. Data Types

The data used in this research is primary data and secondary data (Table 1). According to the governor (2001) in Yuliriane (2012), the primary data is data obtained directly from study subjects using a measuring device or appliance makers as a source of information of data such as interviews, questionnaires, or observation. Secondary data were obtained with a literature study of the relevant agencies.

Primary data were obtained from the respondent in this case fishermen households involved directly with fishermen household activities, while secondary data obtained from relevant agencies such as the Central Bureau of Statistics (BPS), the Department of Fisheries, and the books that are relevant to the research

D. Data Analysis Methods

Data obtained from the results of the study were analyzed using quantitative descriptive method. Descriptive method aims to tell and interpret data with respect to the situation in a systematic, factual and accurate information on the facts and the relationship between variables to get the truth, whereas quantitative methods aimed at raising the facts, state variables, and the phenomena that occur when Current and present what their (Sugiono 2003). As for the criteria that should be analyzed in this study are described in the next section

E. Correlation Test

In Arikunto (2002: 146) to find out the questionnaire kesahian of the instrument by using the formula Pearson Product Moment Correlation (Pearson Product Moment Correlation). According Sugiyono (2012: 233) Pearson Product Moment Correlation formula as follows:

$$r_{xy} = \frac{N \sum xy - (\sum x)(\sum y)}{\sqrt{[N \sum x^2 - (\sum x)^2][N \sum y^2 - (\sum y)^2]}}$$

F. Path Analysis Test

Structural equation model to be tested take the form of

$$Y = \rho y_{x_1} X_1 + \rho y_{x_2} X_2 + \rho y_{\varepsilon}$$

G. Test Multiple Linear Regression Analysis

According Sugiyono (2012: 275) multiple regression equation is shown as follows:

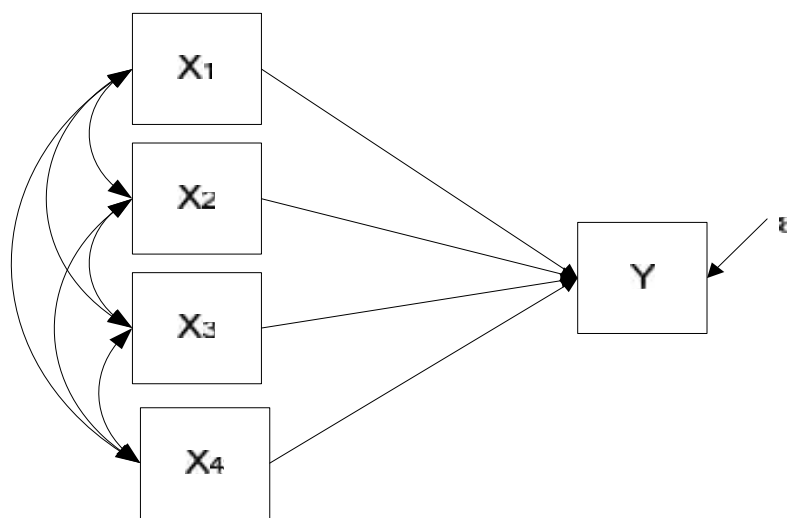
$$Y = a + b_1 x_1 + b_2 X_2 + \varepsilon$$

CHAPTER IV. THE RESULT OF RESEARCH

A. The relationship between skill (X1), Potential Region (X2), the Economic Potential (X3) and Institutional Fishermen (X4) with the welfare of fishermen in Santolo coastal Garut (Y) It is known that all the t test value is greater than t table with $\alpha = 0.05$ and $df = n-2 = 178$ or significance value smaller so that H_0 is rejected and it can be concluded that there is a positive relationship between these variables. With reference to the level of closeness Guilford (1956) note that the level of the relationship between variables above most be between 0.2 to 0.4 means that these variables have little relationship. The largest correlation coefficient 0.6067 is the relationship between the Institutional Fisherman (X4) and Economic (X3) of 0.4572, with the fishermen's welfare variables in Santolo Beach Garut (Y) do moderate (close enough).

B. Effect of expertise (X1), Potential Region (X2), the Economic Potential (X3) and Institutional Fishermen (X4) on the welfare of fishermen in the District Cikelet Santolo Beach Garut (Y)

Hypothesis, described structurally through a paradigm, in the path diagram of expertise (X1), Potential Region (X2), the Economic Potential (X3) and Institutional Fishermen (X4) on the welfare of fishermen in Santolo Beach Garut (Y) Hypothesis the paradigm can be described as follows:



B.1. Calculating Correlation Coefficient and Coefficient Line

By using the Pearson correlation coefficient formula as follows:

$$r_{yx_i} = \frac{n \sum_{i=1}^n x_i y_i - \sum_{i=1}^n x_i \sum_{i=1}^n y_i}{\sqrt{n \sum_{i=1}^n x_i^2 - \left(\sum_{i=1}^n x_i \right)^2} \sqrt{n \sum_{i=1}^n y_i^2 - \left(\sum_{i=1}^n y_i \right)^2}}$$

The influence throughout the obtained variables expertise (X1), Potential Region (X2), the Economic Potential (X3) and Institutional Fishermen (X4) on the welfare of fishermen in the District Cikelet Santolo Beach Garut (Y)

$$R^2_{yx_1x_2x_3} = 0,5178$$

is means skill (X1), Potential Region (X2), the Economic Potential (X3) and Institutional Fishermen (X4) has the effect of 51.78% to changes in the variable on the welfare of fishermen in the District Cikelet Santolo Beach Garut (Y).

And the influence of other variables can be determined through path coefficient for residuals as follows:

$$p_{yV} = \sqrt{1 - R^2_{yx_1x_2x_3}} = 0,4822$$

or by 48.22% in the fishermen's welfare Santolo Garut District Cikelet influenced by other factors that are not entered into the study variables.

B.2. Coefficient Test Strip

a. Testing In Overall

Hypothesis on the overall testing are:

Ho: $\rho_{yx1} = \rho_{yx2} = \rho_{yx3} = \rho_{yx4} = 0$

H1: At least there is a $\rho_{yxi} \neq 0$

By using SPSS acquired F test statistics obtained values:

$$F = \frac{(n - k - 1)R^2_{yx_1x_2x_3}}{k(1 - R^2_{yx_1x_2x_3})} = 46$$

With degrees of freedom v_1 and $v_2 = k = nk - 1$ obtained F table at 5.6487 so that $F_{count} > F_{table}$ then Ho is rejected, meaning that the overall membership (X1), Potential Region (X2), the Economic Potential (X3) and Institutional Fisherman (X4) has an influence on the welfare of fishermen in the District Cikelet Santolo Beach Garut (Y).

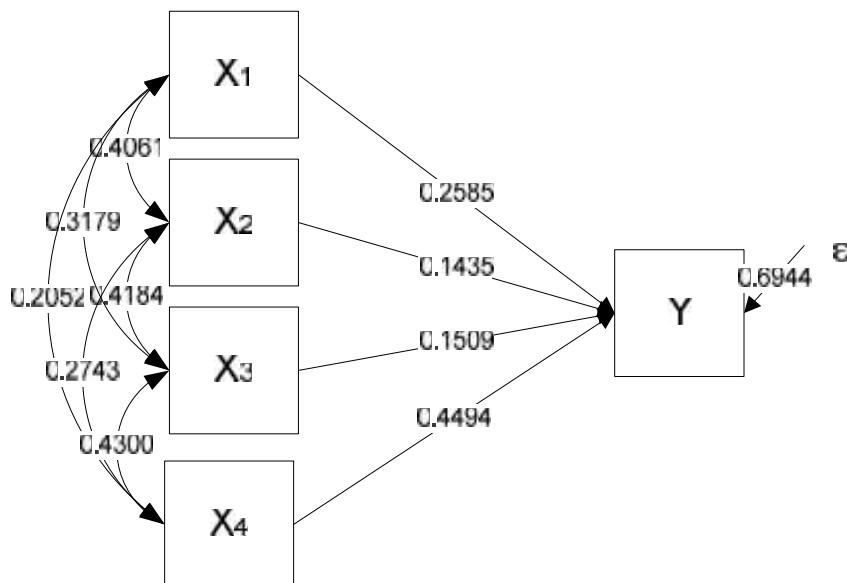
b. Testing By Individual

Statistical hypothesis to be tested:

Ho: $\rho_{yxi} = 0$

H1: $\rho_{yxi} \neq 0$

From the above test result is known that all the test value $t > t_{table}$, if using SPSS significance value less than 0.05, so it can be concluded that all the variables significant at 95% confidence level. Further test results above hypothesis can be described into the path diagram in full as follows:



CHAPTER V. Conclusions and Recommendations

A. conclusion

1. The largest correlation coefficient 0.6067 is the relationship between the Institutional Fisherman (X4) and Economic (X3) of 0.4572, with the fishermen's welfare variables in Santolo Beach Garut (Y) do moderate (close enough).
2. expertise (X1), Potential Region (X2), the Economic Potential (X3) and Institutional Fishermen (X4) has the effect of 51.78% to changes in the variable on the welfare of fishermen in the Santolo Beach Garut (Y). And the influence of other variables can be determined through path coefficient for residues

B. RECOMMENDATIONS

Based on the research that has been discussed and conclusions and implications that have been mentioned above, addressed recommendations to the parties who have a relationship and competence and be able to carry out the acceleration of the increase accounted for the welfare of fishermen. The parties are:

1. The Government, in terms of macro policy setting fishermen's welfare must be able to adapt to an era of change in various fields.
2. Profession, should be able to set appropriate standards, adaptive and accountable, and capable of displaying an adaptive institutional fishermen
3. Institutions fishermen, should be able to improve ongoing training or other training that the process of improving the welfare of fishermen
4. Local Government should be able to provide the optimal budget for improving the welfare of fishermen.

5. Further research can be developed, of course taking into account the weaknesses in this study as well as other epsilon factors that are not included in the research model.

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GREEN BUSINESS APPLICATION ANALYSIS TO FINANCIAL PERFORMANCE SMEs IN TARAKAN CITY

Sulistya Rini Pratiwi¹⁾, Mohamad Nur Utomo²⁾

¹⁾²⁾Fakultas Ekonomi Universitas Borneo Tarakan

Bhayangkara street, Tarakan City, Indonesia

Email: ¹⁾ miss.rainy@ymail.com, ²⁾ mnurutomo@yahoo.co.id

ABSTRACT

The issue of green business is a small part of a big issue that actually has hit the headlines of economic growth in the future, namely the sustainability of the business. The SMEs (Small and Medium Enterprises) sector has an important role to make it happen. This role is obtained for the SME sector is a sector which has the closest relationship with the community. The research objective was to determine the extent to which the implementation of green business has performed SMEs in Tarakan City and determine the role of green business implementing green input, green process, green output, green marketing, government regulation and public awareness affect the performance of SMEs. The results showed that the performer of Small and Medium Enterprises in Tarakan said to have been implementing environmentally friendly business. And the magnitude of the Financial Performance of Small and Medium positively and significantly influenced by Green Output, Green Marketing, and Public Awareness Level. As for the Green Input, Green Process and government regulation, but no significant negative effect.

Keywords: Green Business, Green Input, Green Process, Green Output, Green Marketing, Financial Performance, SMEs.

1. BACKGROUND

Generally companies' activities for economy and development bring about positive impacts to the nation's progressiveness, but specifically the activities bring about negative impacts by causing social conflict in society or among companies' stakeholders. In Indonesia, the negative impacts of companies' activities have occurred many times for example contributing for environmental damage in the form of water pollution, deforestation, and so that harm the society. The negative

impact of the companies' activities that the government felt is the huge expense to resolve and to rehabilitate social and environmental matters.

Green business becomes an interesting topic to be examined lately. The environmental degradation issues, air pollution, flooding, the limited clean water, the number of children snacks that contain synthetic dyes have awaken people about the importance of healthy living, and of the daily products and services that are friendly for the environment. Green Business is a business activity to make inputs (raw materials and supporting materials) into outputs (goods and services) by emphasizing the balance and synergy between economy, social, and environmental benefits (Mutamimah, 2011, in Mutamimah and Siyatimah, 2012). Therefore, it is need to conducted a research related to Green Business Development Model for Small and Medium Enterprises (SMEs) in Tarakan City started from defining the input (*green input*), processing the raw materials (*green process*), processing the input into the output (*green output*), distributing and selling goods / services (*green marketing*), applying the rules of government and public awareness for Improving Performance of SMEs. It is hoped that an important point of green business can be realized. The point is that the companies do not only focus on increasing their profits, but also taking their social responsibility to the society and the preservation of the environment. This is as the concept of maximization of stakeholders that the companies' existences bring about advantages and welfare to all the involved stakeholders in the companies i.e the owner, managers, employees, consumers, government and the community in the neighborhood.

2. LITERATURE REVIEW

Some researches related to the effect of environmental performance on the financial performance has been generated by some researchers, was also not consistent between the results of one researcher to that of another. A research related to environmental, social, and financial performance or economy was first performed by Ullmann (1985) (in Karagiorgos, 2010). Using descriptive analysis through Corporate Social-responsibility, in a whole, he reported the empirical results between environmental performance and economic performance, and between environmental performance and environmental disclosure, and disclosure of environmental and economic performance.

Earnhart and Lizal (2006) examined the impacts of environmental performance on financial performance in the economy transition period 1993-1998. The results showed that good environmental performance will increase profits by minimizing costs and increasing revenue. Conversely, Filbeck and Gorman (2004) have not found a positive relation between environmental performance and financial performance. This is because of the research which focused on electrical industry

which is different from most other industries because of its settings. Examining financial and environmental performance in the utility industry gives us an opportunity to see what regulatory's role is, in increasing or reducing the relationship between financial and environmental performance.

Sarah and Peter (2000) examined the relationship between environmental disclosure and financial performance in companies that are quite large. The results showed that the companies with high financial performance have higher relevance of policies and / or description of commitment to the environment than companies with low-performance. The Companies with intermediate financial performance has the highest incidence of the environmental policy for companies and / or a description of their environmental commitment.

Furthermore Purnomo and Widyaningsih (2012) examined the relationship between environmental performance and financial performance of companies in Indonesia. The results showed that (1) the environmental performance has a positive effect on financial performance, (2) the disclosure of CSR was unable to strengthen the influence of environmental performance to financial performance. This is possible because the market in Indonesia is still not efficient and market participants do not use a comprehensive annual report. In line with Al-Tuwaijri et al. (2004), they integrated three variables and found that the environmental performance significantly has a "good" relation with economic performance, and environmental disclosure.

Handoko (2011) found their research's result showed that Green Business gives negative effect to financial performance, but not significantly. Corporate Social Responsibility (CSR) can not moderate the connection between Green Business and financial performance. Similarly Green Business gives positive effect on market performance but not significantly. Implementation of green business affects financial performance, the performance of the market and the welfare of society. This is reasonable, because the purpose of green business implementation is not only to improve the company's financial performance, but also to improve the performance of the market. This means that from this effect, it can be assessed how the market or investors response to the companies implementing the green business. If the market's response is positive, this indicates that the market appreciates the companies and gives positive perception to the companies, because they do not pollute the environment and sustainability, and vice versa.

Furthermore Mutaminah and Siyamtinah (2012), found that their research showed that most of batik industry at Central Java have implemented green business in their operational system: green input, green process, green process, green marketing and green ICT. Green business has proved it can improve financial performance and market performance. Therefore, the consumers or market responded positively to batik industry implementing green business in Central

Java, because green business is more effective, efficient, and does not give a negative impact on them.

3. **RESEARCH METHODOLOGY**

This study was conducted in Tarakan City, using primary data and secondary data. The sample used is obtained using a questionnaire. The sample in this study using some criteria: a). SMEs in Tarakan, b). Businesses in the form of home industry, based on the amount of labors. Samples used are as much 100 SMEs by using regression analysis and ranking the Likert scores.

4. **RESULT**

4.1 **Green Business Application**

Type of measurement scale used in this study is ordinal. According to Riduwan and Sunarto (2007) , the ordinal scale is a scale based on ranks, sorted from a higher level to a low level or vice versa. Recapitulation of the Likert score results are as following:

Table 1. Results of Calculation Likert Scale

QUESTION	Average	Average	Average	Average	Average	Average
	GI	GP	GO	GM	RUL	AWR
Strongly Disagree	4,6	3,8	2,4	8,6	4,8	4,6
Disagree	10,8	21,6	11,6	40,4	10	3,6
Neutral	53,4	56,4	57	55,2	67,2	27,6
Agree	212,8	184,8	100	144	192	164
QUESTION	Average	Average	Average	Average	Average	Average
	GI	GP	GO	GM	RUL	AWR
Strongly Agree	95	102	39	84	99	117
Totall	376,6	368,6	210	332,2	373	316,8

Source: Data Processed, 2014

Business Activities Apply Environmental Issues In The Activity Of The Raw Materials Use (Green Input / GI)

The result of calculations using a Likert Scale to The Green Input (Table 1) shows that the mean score of the “strongly disagree” statement with applying environmental issues in the activity of the raw materials uses (Green Input / GI) is 4.6, of the “does not agree” statement is 10.8, of the “neutral” statement is 53.4, of the “agree” statement is 212.8 and of “strongly agree” statement is 95. Results obtained by Likert scale scores the average total score is 376.6. Thus, the implemented green input is 75.32%, and by looking at the criteria for the score interpretation based on interval so the application level of the green input in business activities by businessmen is agreed (already implemented).

Business Activities Applied Environmental Issues In The Activities Of The Production Process (Green Process / GP)

Calculation data using a Likert Scale to Green Process (Table 1) shows that the mean score of the “strongly disagree” statement by applying environmental issues in the activities of the production process (Green Process / GP) is 3.8, the mean score of the “does not agree” statement is 21.6, the mean score of the neutral statement amounted to 56.4, the mean score of the agree statement is 184.8 and the mean score of strongly agree statement is 102. By using the results of Likert scale scores, total of the mean scores is 368.6. So the implemented green process is 73.72%, and by looking at the criteria for the score interpretation based on the interval, the rate of green process application in business activities by the businessmen is agreed (already implemented).

Business Activities Applied Environmental Issues In The Activities Of Producing Output (Green Output / GO)

Calculation data using a Likert Scale shows that the mean score of the “strongly disagree” statement by applying environmental issues in the activities of producing output (Green Output / GO) is 2.4, the “does not agree” statement is 11.6, the “neutral” statement is 57, the “agree” statement is 100 and “strongly agree” statement is 39. From the results of Likert scale, the average total score is 210. Then, the green output carried out is 42%, and by looking at the criteria for the score interpretation based on the interval then the level of output application of the green business activities by the businessmen is neutral (have enough implemented).

Business Activities Applying Environmental Issues In Marketing Activities Of Production (Green Marketing / GM)

Calculation data using a Likert Scale shows that the mean score of the “strongly disagree” statement by applying environmental issues in marketing activities (Green Marketing / GM) is 8.6, the “does not agree” statement is 40.4, the “neutral” statement is 55.2, the “agree” statement is 144 and the “could not agree” statement is 84. From the results of the Likert scale, total of the average scores is 332.2. Then, the implemented green marketing is 66.4%, and by looking at the criteria for the score interpretation based on the interval the application rate of green marketing in business activities by the businessmen is agreed (already implemented).

4.2 The Bussiness Communities’s Perception On Environmental Issues
Perception Of Small And Medium Business Communities’ Toward Government Regulation Of Friendly Environment

The calculation data using the Likert Scale shows that the mean score of the “strongly disagree” statement to the government regulations to implement environmental issues in business activities (Green Bussiness) is 4.8, the “does not agree” statement is 10, the “neutral” statement is 67.2, the “agree” statement is 192 and the “strongly agree” statement is 99. From the results of the Likert scale, the average total score is 373. Therefore, the respondents’ perception toward government’s regulations to implement green bussiness is 74.6%, and by looking at the criteria for the score interpretation based on the interval the respondent's perception of government regulations to implement environmental issues of business activities (Green Bussiness) is agreed (already implemented).

Perception Of Small And Medium Business Communities’ To Involve Environmental Issues (Green Bussiness)

Calculation data using the Likert scale shows that the mean score of the “strongly disagree” statement with the level of environmental awareness to implement environmental issues in business activities (Green Bussiness) is 4.6, the “does not agree” is 3.6, the “neutral” statement is 27.6, the “agree” statement is 164, and 117 is for “strongly agree” statement. From the results of the Likert scale, the total of the average scores is 316.8. Then, the level of environmental awareness to

apply the green bussiness is as much 63.36%. By looking at the criteria of the score interpretation based on the interval, the respondent's perception of environmental awareness to apply green bussiness is environmentally aware.

4.3 Regression Analysis

The results of multiple regression analysis on the Performance of Small and Medium business (FIN) and the influenced variables (Green Input, Green Process, Green Output, Green Marketing, Government Regulation and Public Awareness) are showed by a multiple regression equation as the following:

$$FIN = 2.155 - 0.411GI - 0.034GP + 0.259GO + 0.092GM - 0.123RUL + 0.301AWR$$

Based on the calculation result, the result of the regression coefficients can be interpreted as the following:

12. The constant value (0) = 1.698 means that if all of the independent variables (Green Input, Green Process, green output, green marketing, government regulation and public awareness) are considered constant or unchanging, the amount of the financial performance of the business has value as much of 1.698 unit.

13. The coefficient 1 = - 2.722 means that if the variable GI (Green Input) was increased by one unit then FIN (SMEs Financial Performance / Financial) will decrease by 2,722 units, assuming that the other independent variables are constant. This means that if there was any increase by 1% in green input application, then the financial performance of the business will be decreased by 27%.

14. The coefficient 2 = -0.150 means that if a variable GP (Green Process) was increased by one unit then FIN (SMEs Financial Performance / Financial) will decrease by 0,150 units, assuming that the other independent variables are constant. In short if there was any increase by 1% in the application of green process, then the financial performance of the business will be decreased by 15%.

15. The coefficient 3 = 0.957 means that if the variable GO (Green Output) was increased by one unit then FIN (SMEs Financial Performance / Financial) will be increased by 0.957units, assuming that the other independent variables are constant. This means if there was occurred any increase by 1% in the application of green output, then the financial performance of the business will be increased by 96%.

16. The coefficient 4 = 0.627 means that if the variable GM (Green Marketing) was increased by one unit, then FIN (SMEs Financial Performance /

Financial) will be increased by 0.627units, assuming that the other independent variables are constant. If the application of green marketing was increased by 1%, then the financial performance of the business will be increased by 62%.

17. The coefficient $\beta_5 = -0.613$ means that if the variable RUL (Rules / Regulations Government) was increased by one unit then FIN (SMEs Financial Performance / Financial) will be decreased by 0.613units, assuming that the other independent variables are constant. This shows that if the perception of businesses to government's regulations was increased by 1%, then the financial performance of the business will be decreased as much 61%.

18. The coefficient $\beta_6 = 1.339$ means that if the variable AWR (AWARE / Awareness) was increased by one unit then FIN (SMEs Financial Performance / Financial) will be increased by 1.339units, assuming that the other independent variables are constant. This shows that if the level of public awareness of the application of environmental issues was increased by 1%, then the financial performance of the business will be increased by 13%.

19. In this study, the independent variables used were six (6) variables. Based on test results simultaneously to the existing models, the value of the F statistic was 1.225 with a p-value = 0.301, so the p-value > 0.05. Based on these results, then H_0 was accepted, these results showed that all of the independent variables (i.e green input, green process, green output, green marketing, government regulation and public awareness) of this study influenced FIN (Financial) variable.

20. This model has passed the classical assumption test.

5. CONCLUSION

7) Based on the analysis of field data, the actors Small and Medium Enterprises in Tarakan is said to have implemented environmentally friendly business;

8) For the application of the Green Input as much 75.32%, this indicates that the application of green input has been properly implemented. Then, the application of Green Process as much 73.72% means that the application of green process has been conducted well;

9) The implementation of Green Output has the smallest rate that is 42%, but this still indicates a pretty good application. This means that small and medium enterprises in Tarakan still produce goods or services that are unfriendly for environment. Higher level of green output, in green business, green marketing has a value of 66.4%. this indicates that the marketing activities undertaken have indicated friendly environmental marketing;

- 10) The entrepreneurs' perception to government's regulation has been well received, characterized by the high Likert value 74.6%. The value for the level of awareness of businesses to friendly business for environment is only 63.36%. this shows that the entrepreneurs have environmental awareness.
- 11) The amount of Small and Medium Enterprise Performance positively and significantly were influenced by Green Output, Green Marketing, and the level of public awareness;
- 12) There should be a synergy between people, companies, media, education, and government. it is because practically the green business makes some problems in implementation. One of efforts that can be done by the government is making a set of rules or policies governing the implementation of green business.

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CONSUMER'S BELIEF TOWARDS NON-RICE NON-WHEAT STAPLE FOOD

MG. Westri Kekalih S, Retno Yustini W and Widuri Kurniasari*

Faculty of Economics and Business, Soegijapranata Catholic University
Jl. Pawiyatan Luhur IV/1 Bendan Duwur Semarang Central Java Indonesia

* Corresponding Author: mgwestrie@yahoo.com

ABSTRACT

Food is the most basic human needs. It is explicitly expressed in Law No. 8 of 2012 concerning food, namely "Food is a basic human need that is most important and is part of the fulfillment of human rights guaranteed in the Constitution of the Republic Indonesia 1945 as a basic component for realizing the quality of human resources ". However, there are some challenges and problems related to food availability. Globally, besides facing problems of land degradation, water and environment, climate change led to a decrease in production and the uncertainty of the harvest. National food-related issues, one of the fundamental problem is the people's dependence on rice as a staple food. From the consumer side, the problems faced is the less of food diversity in their consumption (food security white paper Indonesia 2005-5025, 2006). Using the description method, this study aim to identify the consumer beliefs to the attributes of non rice- non wheat staple food non-rice non-wheat. The study found that consumers have positive belief towards the use, characteristics, and environment characteristics of non rice- non wheat staple food (non-rice non-wheat).

Key word: Staple food, diversity of food, food security.

1. Introduction

FAO (2012) indicates that in 2011, food-insecure population is expected to reach 1.02 billion, and up to 2050 the growth in global food production required a minimum of 70 percent. It likewise faced by the Indonesian people. Therefore, strive for food security is very crucial. The problem of food security is quite complex, as it includes issues of production, distribution and consumption of food and people's access to food. The problems of production are land degradation, water and environment, climate change that led to a decrease in production and the uncertainty of the harvest. The distribution problems are the supply of food at the household level is often hampered by the limitations of the transport network as well as the food products are not available throughout the year due to the natural production cycle. Meanwhile, on the consumption there is an increase in consumption demand resulting from population growth and consumption pattern.

Related to the consumption patterns, rice still remains a staple food as the most preferred. However, basically people have a positive attitude towards non-rice staple foods. Non-rice staple foods have also been widely consumed, though only at certain times. Rice is also still considered to reflect the highest social status. (Westri, Widuri, Retno Y, 2013). As mentioned in the White Book of Food Security Sector 2005-2025, this also caused by food consumption patterns that are less considering diversity of food. Efforts to develop the diversification of food is still constrained by the limitations of knowledge and affordability. One of the factors that influence a person's decision-making is their belief toward attributes of the product/something that might be selected.

2. Literature Review

2.1. Fishbein's multi-attribute attitude models

There are several theories that a good framework in defining a strategy to change consumer attitudes before buying, one of which is Fishbein's multi-attribute attitude models. Fishbein's multi-attribute attitude models states that the belief on attributes (b_i) and the value assigned to these beliefs (e_i) will affect the overall evaluation of the brand (A_o or A_{act}). In the next turn it will affect the intention to behave (BI) and finally in behavior (B). Based on this concept, there are four strategies that can be done to influence the behavior, namely: (1) Changing beliefs (changing the b_i components). This strategy is carried through product strategy and advertising. Consumers' belief can be changed by introducing new product attributes and communicate the benefits of the existing attributes. An important point in this strategy is the certainty that the change of belief on the product / brand will produce a positive change in the evaluation of product / brand and purchase intention. (2) Changing the value placed on certain attributes (changing e_i components). This strategy requires an attempt to convince consumers to revisit its assessment of certain attributes, such as non-rice foods contain nutrients that are good for health, (3) Changing attitudes or evaluation, A_o of the brand / product. This strategy is done by building associations positive feelings (Affect) on the use of the product. (4) Changing behavior intention (Changing A_{act}). This strategy is done by persuading consumers to buy products / brands that are not chosen-that is to influence the attitude-behavior discrepancy. Inducement to try brands that are not selected (eg by lowering the price) will change the attitude of the consumer brand after purchase so that confirm its behavior.

2.2. Food Security

The problem of food security cannot be separated to the problem of poverty. Hunger and food shortage is the worst form of poverty, starvation itself is a

process of cause and effect of poverty. The efforts in developing of food security cannot be separated from efforts to address the problem of poverty. Nationally, the problem of poverty is inseparable from national security.

Food security is not just a matter of availability of food. Food security includes the sense of the availability of adequate food, the ability to access (including purchase) of food and no food dependency on the others. There are several important elements in terms of food security, among others are safety, diversity, access to food and its availability as well as food quality. These elements are interrelated between each other. In addition, the problem of food security is closely related to problems of agriculture, especially food production systems and consumption patterns to food.

Regarding production systems, the problems faced by are scale small businesses with little capital, adoption of agricultural technology is not optimal, production arrangement not based on the balance of supply and demand, and the marketing system of agricultural products which has not been efficient (www.bkp.deptan.go.id). Inefficiencies in production cause the productivity and quality of agricultural products are not optimal, prices tend to be volatile, and food safety is not guaranteed. On the other side, consumption patterns tends to depend on rice. Food consumption patterns that depend on rice are vulnerable, it may lead to a narrowing of the spectrum of choice of commodities, the land conversion to non -paddy rice will be difficult to control, and the ability to expand the wetland being limited because of the cost of investment is more expensive (Sumaryanto, 2005).

2.3. Culture and Its Influence On Resistance

Consumption behavior is not only influenced by the communication products but also by culture. In this regard, Mc.Cracken explained that culture is a lens that is used by individuals to look at the phenomenon, which is how it is understood and accepted. Culture is a blueprint of human activity and will determine how the world will be established. Thus, culture also determines the consumption behavior that covering some of important activities such as what, when, where, and with whom we eat. This is the starting point to examine consumer behavior (Engel et. Al, 1994: 69).

The culture also have an impact on all stages of the consumer decision-making, so that the decision making one person to another is different. The culture influences the driver that motivate people to take further action, even for diverse motives. Culture is a major determinant of how consumer decisions are made. Thus, the values adopted by consumers reflecting the social and environmental influences also affect the needs to be met through the purchase or consuming decisions and therefore also affect consumption behavior.

3. Research Method

In order to be perceived in a higher social class, society will follow the behavior and lifestyle of social class on it. Thus, the lifestyle of middle and upper social classes are often became a reference for social class below it. The population of this study was upper middle class community in the city of Semarang. Indications are used to determine the population of the communities is the location of residential areas that are generally seen as a middle-class housing. Samples determined by basing the 16 districts in the city of Semarang. At each area will be taken 20 respondents on the basis of convenience. As resources of data are the decision makers in the household, especially related to food consumption decisions.

Primary data that includes data on responses of respondents related to consumers' belief on the attributes of non-rice staple food such is using, availability, characteristics of non-rice staple food and environment characteristic of non-rice staple food are the main data in this study. Data was collected by questionnaire method, which will be sent directly by researchers to the selected respondents. The questionnaire will be filled directly by the respondents with the assistance of researchers, so if there is lack-of unfamiliarity against the grain of the question, will be clarified directly. With this direct assistance, lack of accessories the answers to all questions, can be eliminated.

The analysis technique used in a descriptive explanation, with the help of numerical tabulation. Thereby we get a complete and comprehensive overview/tend of the middle class' beliefs toward attributes of non-rice staple food.

4. Result and Discussion

4.1. Consumers' Belief toward the Use of Non-Rice Non-Wheat Staple Food.

Each society gives particular definitions about the meaning of food, and in every type of definition has a broad meaning, for example: there is a type of food for the rich and there are earmarked for the poor, there are also foods which cater to women, children, people who are sick or elderly groups. There are also a type of food that is not allowed to be consumed by particular people. Each society has rules, limitations, likes and dislikes, belief in types of foods exist that restrict the choice of the type of food. Society develops hereditary way to searching, selecting, handling, preparing, and eating food, especially staple food. Mores and socio-cultural background of person's determine their consumption behavior in two ways, regarding nutritional information and preferences. Preferences on food

shows the degree of liking or disliking of food and these preferences will affect food consumption. Related to this issues, this study found that consumers tend to agree with some of statement of non rice- non wheat staple attributes. As shown in table 1, respondents tend to agree that consuming non rice- non wheat staple food do not lower the dignity and one's social status. They also state that non rice- non wheat staple food is inappropriate served for guest, presented within party and used in traditional ceremony.

Socio-cultural factors influence the consumption behavior of the society, households and individuals. Peoples' thought, known and perceived create people's perceptions on food and what they done to the food. Consumption behavior are also influenced by the environment (ecology, population, economy) and the availability of food. Thus, it means that consumption patterns are affected by consumption behavior have a close relationship with life style, nutritional knowledge and modernity. Associated with it, this study shows that people belief that consuming non rice- non wheat staple food reflecting modernity of someone, healthier, reflecting the broad knowledge of food, become a good habit for families, and shows the level of health awareness.

As mentioned previously, food security is not only food availability matters, but also the ease of access by people (including the poor/marginal) and the quality of food Furthermore, the problem of food security can be associated with national security issues, particularly in terms of food sovereignty. Towards some of the statements associated with it, society also has a good belief. As shown in table 2, the most of respondents agree that consuming staple food shows awareness of the importance of food sovereignty, shows awareness of the potential of domestic food, and developing alterative staple food is potentially to build Indonesia's, food sovereignty

Table 1 Consumers' Belief toward the Use of Non-Rice Non-Wheat Staple Food.

	Indicator	strongly disagree	Disagree	Neutral	Agree	strongly agree	Total
1	Do not lower the dignity of the family	0.73	7.30	18.61	56.57	16.79	100.00
2	Do not lower one's social status	0.73	8.03	18.25	55.11	17.88	100.00
3	Inappropriate served for guests	1.09	12.04	25.91	55.84	5.11	100.00
4	Inappropriate	2.92	14.96	34.31	43.80	4.01	100.00

	presented within the party						0
5	Inappropriate used in traditional ceremonies	1.82	8.76	32.12	50.00	7.30	100.00
6	Reflecting modernity of someone	2.19	25.91	30.66	36.13	5.11	100.00
7	Healthier	0.36	4.01	24.82	55.47	15.33	100.00
8	Become a good habit for families	1.82	8.76	24.45	58.39	6.57	100.00
9	Reflecting the broad knowledge	0.36	6.20	28.83	56.57	8.03	100.00
10	Shows the level of health awareness	0.73	5.84	20.80	60.95	11.68	100.00
11	shows awareness of the importance of food sovereignty	0.36	7.30	21.17	62.41	8.76	100.00
12	Shows awareness of the potential of domestic food	0.36	5.11	26.64	59.12	8.76	100.00
13	Has the potential to build food sovereignty Indonesia	0.36	6.20	26.28	60.58	6.57	100.00

Source: Primary data.

4.2. Consumers' Belief toward the Availability of Non-Rice Non-Wheat Staple Food

Consumer as an individual or group seeks to meet goods or services they need, either for private/their own self or group. The main purpose of consuming goods and services is to meet the needs. In the micro-economic of consumer behavior approach, consumer has interest to achieve maximum full-fillement of their need or total utility subject to the budged. Utility defined as a pleasure from goods or services consumed and it. Non rice - non wheat staple food consumption is influenced by the involvement to obtain, and consume, or the decision-making process that precedes and after this action. This behavior is important to note in the discussion the types of reasons, time, place, and frequency of use of a product of goods and services. The availability of goods and services, or in terms of marketing is the ease to get the goods and services affect the level of consumer involvement in obtaining goods and services. The more available, more easily obtained, the lower efforts made.

Regarding to the availability of non rice - non wheat staple foods, consumers tend to belief that non rice - non wheat staple foods are ease to find. The majority of respondents agree with all statements concerned the availability and ease of obtaining non rice- non wheat staple food, such as easily obtained, save more, easily cultivated, are produced in my area/region and suitable cultivated in Indonesia. At least there three arguments underlying this condition. First, in terms of natural resources, Indonesia remarked as agriculture sate. With the tropical climate Indonesia has two seasons, in the southern part of many dry and in the north a lot of rain. Climatic conditions and seasons thus enabling most of the species of plants and animals grow properly. In addition, every region in Indonesia has the advantage of resources each of which can be food buffer for all Indonesian people. Second, more than 50 percent of Indonesia's population are farmer. Third, several types of local food has been well cultivated and has a high economic value. For example: corn, sago, cassava and sweet potatoes are commodities that widely known throughout the country as well as commonly used as food substitute.

4.2.1. Consumers' Belief toward the Availability of Non-Rice Non-Wheat Staple Food

		STS	TS	N	S	SS	0.00
1	easily obtianed	0.36	8.03	21.17	56.57	13.87	100.00
2	Save more	0.36	8.39	17.52	59.85	13.87	100.00
3	easily cultivated	0.00	10.58	26.28	51.46	11.68	100.00
4	Are produced in my area/region	0.73	22.63	24.45	44.16	8.03	100.00
5	Suitable cultivated in Indonesia	0.73	6.59	23.81	54.95	13.92	100.00

Source: Primary data.

4.3. Consumers' Belief towards the Characteristics of Non Rice - Non Wheat Staple Food.

On the characteristics of non-food non-grain rice, people has a good perception or assessment. This is of course supporting efforts to create a stable food security. These findings show that non-rice non wheat staple foods are reliable. According to the majority of respondents, there are value added in non rice –non wheat staple food, such as can be served in a variety of flavors and the form, easily and quickly cooked. They also state that when they have difficulty in obtaining rice, non rice – non wheat staple food had taste as delicious as rice, meet the taste and easily to combine with other foodstuffs and also contained nutrients as well as rice, even higher.

Table 4. Consumers' Belief toward the Characteristics of Non Rice – Non Wheat Staple Food

		STS	TS	N	S	SS	0.00
1	as delicious as rice	0.73	9.85	27.01	54.01	8.39	100.00
2	The processed products have attractive color	0.00	9.12	33.94	51.09	5.84	100.00
3	Can be served in a variety of flavors	0.00	8.39	18.25	63.14	10.22	100.00
4	Can be served in a variety of form	0.00	8.03	22.99	60.22	8.76	100.00
5	Easy to be served	0.00	6.57	25.18	56.93	11.31	100.00
6	miscellaneous processed products	0.00	9.49	26.64	55.47	8.39	100.00
7	Easy processing	0.00	5.84	28.10	59.49	6.57	100.00
8	Quickly processing	0.00	7.30	29.20	54.38	9.12	100.00
9	Meet the taste of Indonesian	0.00	8.03	29.20	54.01	8.76	100.00
10	Easily combined with other foodstuffs	0.73	10.58	23.36	55.84	9.49	100.00
11	High nutrient content	0.00	6.34	23.88	50.75	19.03	100.00

Source: Primary data.

4.4. Consumers' Belief toward the Environment Characteristics of Non Rice - Non Wheat Staple Food.

Ease of obtaining products and services affects the purchasing decision, and therefore also affect consumption decisions. On the use, availability and character of non-rice non wheat staple food, it is known that consumers have a positive

belief towards these attributes. However, if the availability of alternative/non-rice non wheat staple food is not supported by local resource, it will cause high costs to get it. Such a condition becomes a disincentive for people to change, or do a combination of staple food in their consumption habits. Consumer perception toward environmental characteristics of non-rice non wheat staple food influence on consumption decisions. A positive attitude towards diversion staple food consumption would be higher if there are conducive environment characteristics. Conducive environment characteristics mean that there will be easily produced in the local area, appropriate to the local climate, appropriate to the custom and also with the economic conditions of the family. This study found that consumers tend to agree with – neutral some statement concern with environment characters (table 4).

Table 4. Consumers' Belief toward the Environment Characteristics of Non Rice - Non Wheat Staple Food

	Indicator	STS	TS	N	S	SS	Total
1	Easily Produced in this Region	0.37	14.87	32.71	46.47	5.58	100.00
2	Appropriate to the climate in this region	0.37	16.36	21.93	55.39	5.95	100.00
3	In accordance with the habit/custom in this region	0.37	18.96	28.62	47.96	4.09	100.00
4	In accordance with the economic conditions of families	0.37	14.13	31.97	47.21	6.32	100.00

Source: Primary data.

4.5. Discussion

As mentioned previously, one of four strategies that can be done to influence the behavior is changing beliefs (changing the bi components). This strategy is carried through product strategy and advertising. Consumers' belief can be changed by introducing new product attributes and communicate the benefits of the existing attributes. An important point in this strategy is the certainty that the change of belief on the product / brand will produce a positive change in the evaluation of product / brand and purchase intention.

Consumer beliefs is a cognitive component of attitude. This component consists of perception and knowledge about the object. Consumer beliefs towards attributes of a product is usually evaluated naturally. The more positive the belief to the object, the more support the overall attitude, and so does the changes in staple food. The more positive the belief in the non-rice non-wheat staple food, the more support to the overall attitude and the more the willingness to change. In

marketing theory, to change the attitudes of consumers, marketers lead the consumers to compare their product to other products. If it is known that his product is better, consumers are expected to change their belief in other products and finally switch on their product. As already known, one of the ways to change the attitude is by affecting consumer perception on attitude functions such as function of benefits attitudes, self-image, values, and knowledge.

This study found there is positive beliefs towards non-rice non-wheat staple food. Therefore, there is no need much effort to change their belief in non-rice-non wheat staple food. However, the positive belief in product/object solely is insufficient to drive the changing in consumer behavior, from rice staple food to non-rice non wheat staple food. The failure in confirmation perception which is sometime reflecting the expectation towards its performance may lead consumer disappointed. There will be dissatisfaction and finally the product will be left. Therefore, it is important for decision maker/stakeholder to find out how is the evaluation of attributes. The enrichment of processing and storage of non-rice non-heat staple food material also need to be developed/disseminated. Because, there is an opinion that non-food material non-grain rice is relatively more easily damaged than rice and degrade the quality of the food.

5. Conclusion

Consumer belief toward non rice - non wheat staple food attributes is positive, either the use, availability, characters and its environment characters.

In the use of non rice- non wheat staple food respondents agree that consuming non rice- non wheat staple food do not lower the dignity and one's social status. They also state that non rice- non wheat staple food is inappropriate served for guest, presented within party and used in traditional ceremony. This study also found the belief that consuming non rice- non wheat staple food reflecting modernity of someone, healthier, reflecting the broad knowledge of food, become a good habit for families, and shows the level of health awareness. In relating to food security, respondents agree that consuming staple food shows their awareness of the importance of food sovereignty, shows their awareness of the potential of domestic food, and that developing staple food is potentially to build Indonesia's, food sovereignty

Concerned with the non rice- non wheat staple food availability, consumers tend to belief that non rice- non wheat staple food are ease to find. The majority of respondents agree with all statements concerned the availability and ease of obtaining non rice- non-wheat staple food, such as easily obtained, save more, easily cultivated, are produced in my area/region and suitable cultivated in Indonesia.

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CONSUMER PERCEPTION AND THEIR EVALUATION TOWARDS ALTERNATIVE STAPLE FOOD.

Widuri Kurniasari, MG Westrie Kekalih S, and Retno Yustini
Faculty of Economics and Business, Soegijapranata Catholic University
Jl. Pawiyatan Luhur IV/1 Bendan Duwur – Semarang- Central Java- Indonesia
Corresponding Author : widurikurniasari@yahoo.com

Abstract

Indonesia is one of the world's largest rice consumer behind China. Currently, rice seems to be the only staple food. There is an anecdote that is quite popular for Indonesian people, especially Javaness that has view "if you do not eat rice means you not eating". In fact, in some other areas outside Java, rice consumption is also a symbol of prestige or social class. Therefore, this research examines the consumer's perception and their evaluation towards alternative staple food. The researches discussed the perception / public's view and their evaluation of rice and non-rice as a staple food. The result indicated that 60.33 percent of respondents placing the staple food of rice in the first place, most people have heard of non-rice staple foods, but the preferences of staple food is rice. Non-rice staple food consumed only at certain times but still as complementary and tend to be used because of an emergency for reasons of practicality. Most respondents still say rice is a staple food that is not replaceable.

Key Words: Consumer Perception, attitudes, culture, staple food, evaluation

1. Introduction

Indonesian food is synonymous with rice, because during the rice is main meals most of this nation. Indonesia is known as an agricultural country, but lately Indonesia is known as one of the country's largest rice importer in the world. In 2001 rice import was recorded at 1.35 million tons, equivalent to 319 million US Dollar. This figure is almost always increasing every year. Similarly with wheat. Total wheat imports in 2001 amounted to 4 million ton positioning Indonesia as the country's largest wheat importer in the world. This amount was estimated continues to surge from year to year.

This condition will affected national food security. Various development programs in the field of food, nutrition and health, and social services has been

pursued since the economic crisis, but the food security and nutritional status of the people of Indonesia are still not better than before the crisis. Food availability is adequate macro average requirement per capita, but there are still many households that are not able to access food in sufficient quantity and nutrition. Therefore, we need a study and improvements over the programs that have been running to improve national food security.

Based on these conditions, it is necessary to do a study on how to respond, the public, especially in the area which is the producer of the staple food alternatives on basic foodstuffs such alternatives. It is intended to provide guidance in planning the provision of food (the staple food) in order to improve food security. How is the public perception of non-staple food of rice and how attitudes and intentions public interest or to switch the type of non-rice staple foods have an important role in the formulation of national policies related to food security.

Assuming that is the staple food is just rice, then there is one important thing that can be inferred from the description in the background. The important thing is the contradiction development needs for food (the staple food rice) to provide support staple food. The need for the availability of staple foods is likely to increase as a result of population growth. Meanwhile, the carrying capacity of the production of staple food has decreased with shrinking farmland. In the long term, this condition has the potential to cause food shortages, it can even disrupt national security. With the wealth of existing biological resources, socialization, education to change the paradigm that the staple food rice will always occupy a strategic role in order to avoid food shortages.

Based on our research problem, it is necessary to do a study on how public respond, especially in the area which is the producer of the staple food alternative. It is intended to provide guidance in planning the provision of the staple food in order to improve food security. How is the public perception about staple food non rice, how attitudes and intentions public to switch using the type of non-rice staple foods.

2. Literature Review

2.1. Consumer Behavior

Wierenga et al (1987) described consumer behavior as all personal actions that are part of acquiring, using or discarding products or services in order to satisfy their own needs. The actual purchasing of a product is important just like the corresponding actions. Those actions could involve parts of the decision process, like orientation, obtaining advise from other consumers or consulting a consumers' magazine. The characteristic approach is based on the assumption that consumers evaluate characteristics that describe the products. Different decision rules can be used to product, which corresponds to the highest satisfaction or in

other words, utility. Effects of possible changes in make the actual choice, a combination of different rules is possible as well. Some rules are compensatory, which means that one (bad) characteristic can be compensated by another (good) characteristic.

Consumer's behavior is defined as a person's behavior consumers and consumer groups in decision making. Consumer behavior individually or in groups (communities) are dynamic, meaning that it can change and move all the time. As noted Peter and Olson (1999), Consumer Behavior is a dynamic interaction between the effects and cognitive, behavioral, and events around us, where human conduct exchange aspects of their lives. Meanwhile, according to Engel (1992) argued that consumer behavior is an action that is involved in getting, consume, and spent products and services including the decision process that preceded and followed this action. Both of these definitions suggests that consumer behavior is a dynamic interaction between the mind, influences, behavioral, and events around humans, including complex process underlying the behavior. Therefore, changes in consumer behavior is normal.

2.2. Consumer Perception

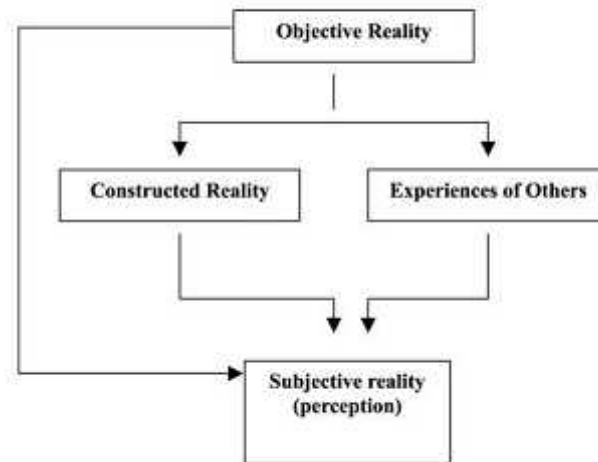
Consumer perception applies the concept of sensory perception to marketing and advertising. Just as sensory perception relates to how humans perceive and process sensory stimuli through their five senses, consumer perception pertains to how individuals form opinions about companies and the merchandise they offer through the purchases they make. Merchants apply consumer perception theory to determine how their customers perceive them. They also use consumer perception theory to develop marketing and advertising strategies intended to retain current customers -- and attract new ones.

Concepts or Theories of Consumers' Perception, Solomon and Stuart (2000) stated that perception is the process by which people select, organize, and interpret information from the outside world. People receive information in the form of sensations by sensory receptors; eyes, ears, nose, mouth and fingers. People interpret the sensations they receive by their past experiences. The perception process is very important for marketers because it is difficult even to make consumers notice their ads. Consumer perception theory attempts to explain consumer behavior by analyzing motivations for buying or not buying particular items. Three areas of consumer perception theory relate to consumer perception theory are self perception, price perception and perception of a benefit to quality of life.

According to Antonides and Van Raaij (1998), people differ in their perception of reality depending on their own experiences, life histories and personal situations when perceiving people, product or brand. As a result of these differences, each

individual has a subjective view of reality (Antonides and Van Raaij, 1998, p.109). The processing of information received from all combinations of these realities is what is known as consumer integration process. The process of perception formation is depicted in Figure 1.

Figure 1 How perception is formed



Source: Adapted from Antonides and Van Raaij (1998, p. 110)

2.3. Attitudes and The Tri-component Model

Attitudes reflect the overall evaluation of how much we like the concept based on of how much we like the concept based on the set of associations linked to it. the set of associations linked to it. Attitude can be described as a tendency to react positively or negatively to a person or circumstances. Thus the two main elements of attitude are this tendency or predisposition and the direction of this predisposition. It has been defined as a mental state of readiness, organize to through experience which exerts a directive or dynamic influence on the responses on a individual to all objects and situations with which the individual is related. Schiffman and Kanuk (2006) has pointed out three basic components of attitude, these are Cognitive (knowledge and perceptions acquired through direct experience and information from various sources, Affective (Emotions and feelings about the object) and Conative or Behavioural Component (Action tendencies toward the object).

The affective component is the emotional response (liking/disliking) towards an attitude object. Most of the research place emphasis on the importance of affective components. An individual's attitude towards an object cannot be determined by simply identifying its beliefs about it because emotion works simultaneously with

the cognitive process about an attitude object. Agarwal & Malhotra, (2005) express that the affect (feelings and emotions) and attitude (evaluative judgment based on brand beliefs) streams of research are combined to propose an integrated model of attitude and choice.

The cognitive component is an evaluation of the entity that constitutes an individual's opinion (belief/disbelief) about the object. Cognitive refers to the thoughts and beliefs an individual has about an attitude object. Fishbein & Ajzen (1975) express that belief is information a person has about an object; information that specifically links an object and attribute. The cognitive component is the storage section where an individual organizes the information

The behavioral component is a verbal or overt (nonverbal) (Wicker 1969) behavioral tendency by an individual and it consists of actions or observable responses that are the result of an attitude object. It involves person's response (favorable/unfavorable) to do something regarding attitude object. Attitudinal responses are more or less consistent. That is, a series of responses toward a given attitudinal stimulus is likely to show some degree of organizational structure, or predictability (Defleur & Westie 1963).

3. Research Method

The population of this survey is the household who is resident in the city of Semarang Central Java. The number of samples determined quota of 300 respondents. Respondents determined by stratified random sampling method, as follows:

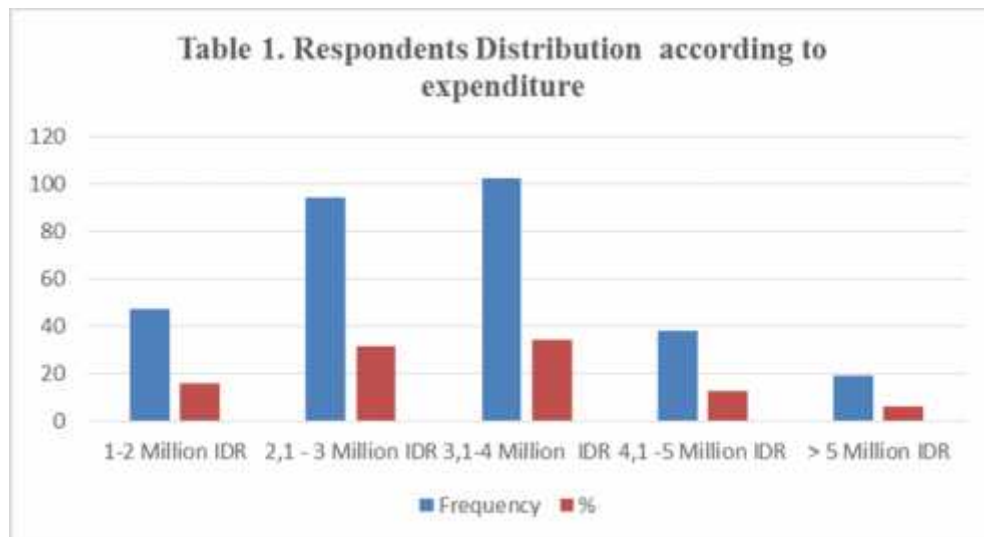
1. Population classified according residential districts (16 districts in the city of Semarang).
2. Each sub-districts have average of 20 households for sample. The proportion of the number of households per districts determined by considering the number of residents in each district.
3. The minimum education level was high school graduates. It is based on the ability to understand and answer the questions in the questionnaire.
4. Has aged 20 years and above.

Data were collected by questionnaire. Data analysis methods used include descriptive method to describe the cognitive, affective and conative consume food based on rice and non-rice. After that using synthesis comparative method of analysis, to determine the factors that influence the formation of perceptions, attitudes and behaviors consume.

4. Result and Discussion

Distribution of respondents between the genders male and female have the same proportion (50 percent), is expected to be given information about attitudes

toward non-rice staple food preferences will be more fully represent the respondent based on gender



Based on income levels, in general the respondents can be categorized in the upper middle class, with an average level of income per month over two million dollars. Only about 15.6 percent of respondents who have high levels of income per month between 1-2 million dollars. From the consumer survey (Swa, January 2013), the population of Indonesia is located in the middle class category is the largest number in the structure of the population in Indonesia. Thus, the distribution of respondents adequately represent the economic conditions in Indonesia today. The largest number of respondents (65.33 percent) had an average income per month between 2,1 million - 4 million dollars. In these communities, the middle class have urban lifestyles, and have greater flexibility in the selection of staple foods. These communities also have greater insight and exposure to a wider range of information.

Perception interlocked with specialized knowledge of how to obtain the events at a given time, then the perception happen anytime. In this case the perception is defined as the process of knowing or recognizing objects and events objectively with the help of the senses. Thus it can be said that perception is a perspective that is a response from the stimulus or stimuli. Factors that determine a person's perception of functional derived from the needs, past experience and other things including personal factors and social values contained in staple foods. In several regions in Indonesia, the type of staple food consumed sometimes reflect the social status of a person. Related to the above, a number of respondents have point of view about the social value of rice, maize, tubers and other.

Table 2. Perception of Social Values Staple Food

	Rank	Sable Food			
		Rice	Corn	Tubers	Etc
Staple food that reflects the highest social status	1	60,33	0,33	0,46	2,50
	2	14,67	49,67	8,68	-
	3	0,33	22,00	67,58	7,50
	4	-	3,57	23,29	90,00
In a banquet / party, whether that should be the staple food is served?	1	99,67	5,33	1,00	0,67
	2	0,33	-	-	-
	3	-	-	-	-
	4				
To entertain guests , whether that should be the staple food is served?		71,33	2,33	3,00	0,67

The majority of respondents (60.33 percent) placing the staple food of rice in the first place as a staple food that reflects the highest social status. Only 14.67 percent of the responden placing staple food rice put in the second position. Total of 49.67 percent of the respondents put the maize as a staple food that reflects the highest social status in the first place and only 0.33 percent of respondents placing it in first position. For the staple food of tubers, 67.58 percent of respondents placing it in third position. Most respondents still say rice is a staple food that is not replaceable.

Cognitive aspects illustrate the level of knowledge of the staple foods other than rice. In other words, this aspect indicates whether respondents had heard or knew about staple foods other than rice. The survey shows that the largest proportion of respondents (78.93 percent) have been informed or aware of staple foods other than rice. This condition implies that there is a greater opportunity to build a positive attitude towards the staple foods other than rice. 44.49 percent of responden which mentions the bread as top of mind. the second place is cassava and the third is sago.

Conclusion

There are several things that can be summed up in this research, first, related to the perception / public's view about stable food and non-rice as a staple food. Most people have heard but still as complementary and tend to be used because of an emergency. Most respondents still have point of view that rice is a staple food that is not replaceable.

The attitude of the people in rice-based foods are positive. Even rice is the staple food of most preferred. If at a certain time there was no rice, people tend to look for it and not replacing it with another. Similarly, rice is non-staple food, people tend not accept non-rice. Respondents tended to agree with statements regarding the non-rice staple food is good for health, non-staple food rice is no less tasty with rice, the staple food of non-rice can be made in different variations, readily available and reasonably priced. However, people tend to be hesitant about the statement the need to promote non-rice staple foods

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DETERMINANT FACTORS AFFECTING COSTS OF SALES INFORMATION QUALITY

(Case Study on Five Star Hotels in Semarang, Indonesia)

Alexandra Adriani Widjaja

Department of Accounting, Faculty of Economy and Business, UNIKA

Soegijapranata

Jl. Pawiyatan Luhur, Semarang, Indonesia

alexandra.adriani.w@gmail.com

ABSTRACT

This research was commenced to find out the effect of information quality determinant factor towards cost of sales information quality. There are five determinant factors included in this research which are commitment of top management, nature of accounting information system, control input, personal competence, and teamwork. This study is a case study on five star hotels in Semarang, Central Java, Indonesia. Cost-of-sales information quality is critical for those hotels because it has to provide many kind of services even if it is not profitable. It makes the information quality of cost-of-sales become a very crucial factor for decision-making process.

Questionnaire is used as research instrument and filled by head of department, accounting department, and other departments which is related to report-generating process and using the cost-of-sales information. From validity and reliability test, teamwork found to be not reliable variable, therefore this variable is not tested further. The regression analysis shows that the four variables tested can explain 55% from total variance of cost-of-sales information quality. The regression analysis also shows that commitment of top management, nature of accounting information system, and personal competence have positive and significant effect on cost-of-sales information quality. On the contrary, control input has a negative effect on cost-of-sales information quality.

Keywords : information quality, information system, determinant factors

I. Introduction

Cost-of-sales is one of information needed in decision-making process. Hotels use it to calculate selling price with its profit margin. False or incorrect cost-of-sales information will lead to a false or improper marketing strategy and company

profit. Internally, cost-of-sales information is absolute need because it reflects company operational performance. Many company rely their cost-of-sales accuracy to an expensive computer system, yet the outcomes is far beyond expectation. We learn from so many system failure that there are other factors, many other fundamental factors that affect cost-of-sales information quality produced by the system.

In term of concept, information is differed from data. Data is facts input, recorded, and processed by a system. Information is defined as a series of data that has been organized, and has an utility and benefit. Data as the smallest part is processed withing the system to generate information. This system flow clearly shows that information quality depend on its data quality. So we can assume that determinant factors on data quality will also affect the information quality. As an information, cost-of-sales also measured by quality dimensions, such as : relevancy, reliability, completeness, timely, understansable, and verifiable. But regarding determinant factors affecting those quality dimension itself, a further research is needed to provide more empiric evidence.

Wang and Strong (1996) found four important data quality dimensions which is intrinsic data quality, contextual data quality, representational data quality, and accesibility data quality. Those dimensions are used to measure data quality. Saraph, et al in Xu (2003) revealed some factors affectiong quality management, including the role of top management, role of data quality management, training, system design, process mangement, personal relationship, and supplier quality management. Xu (2003) commenced a research towards 24 factors assumed to affect the data quality. The result identify six determinant factors on data quality including top management commitment, nature of accounting information system, control input, personal competence, teamwork and middle management commitment.

Research on determinant factors affecting cost-of-sales information quality need more empiric result, especially research conducted in hotel industry. Hotels is considered as service business, but actually, it's not just delivers services to customer but also goods such as food and beverage. The quality of cost-of-sales information in hotel is as crucial as it is in trading of manufacturing company. Higher cost-of-sales information quality will support the hotel in its operational performance analysis to reach an optimal profitability.

A qualified information system can be optimized when it supported with a qualified data input. Focusing only to information system quality and not considering the quality of data input could lead to a higher error risk on its final product, in this case, cost-of-sales information. This research is commenced to bring more empirical evidence about the effects of data quality determinant factors, which are top management commitment, nature of accounting information

system, control input, personal competence, and teamwork towards cost-of-sales information quality.

II. Literature Review and Hypothesis

Cost-of-sales is defined as price paid to obtain goods to resell (Soemarso, 1996). In manufacture industry, cost-of-sales is the total value of direct cost, direct labour cost and overhead cost per unit. But in hotel industry, the products is not purely service, but a mixture of goods and services. Direct cost and direct labour cost could be found in profit center department, meanwhile the overhead cost appears on administrative department. So when it is faced to the mixture of goods and services, it is difficult to calculate the exact cost-of-sales.

Either, cost-of-sales could be calculated by classifying the cost according to its nature. In service industry like a hotel, cost is divided to three category based on its nature, which are fixed cost, variable cost, and semi-variable cost (Lovelock and Wirtz, 2004). Fixed cost is not affected by selling amount, it will still bear by the company even if the selling number is zero. Variable cost refer to cost arose due to the additional of one unit of service sold. Semi-variable cost will vary in particular level following the variance of business volume.

For calculating cost-of-sales, cost is defined as direct cost if it arose in profit center department, such as front office department, food and beverage department. The overhead cost is cost arose in cost center department, such as housekeeping department, finance and accounting department. Because it is difficult to trace the overhead cost per unit sold, in hotel industry, cost-of-sales is defined as all cost arose in profit center department.

Saraph. *et al* (1989) in Porter and Parker (1993) tried to identify important factors in quality management using survey and factor analysis. The result identify eight factors affecting quality management including role of top management, role of quality department, employee training, product/service design, supplier quality management, process management, data quality and recording, and employee relationship.

Yusoph and Aspinwall (1999) imply that research on quality determinant factor are focused on major industry. So they conducted research focusing on small and middle businesses and it comes that there are four determinant factors generally comply on small and middle businesses including leadership, management commitment and support; supplier quality management ; human resources management and employee relationship, together with training and education. There are also six factors completing the quality determinant factors on small and middle businesses which are continous improvement ; system and process ;

measurement and feedback ; technique and development tools ; resources ; together with work culture and environment.

Porter and Parker (1993) conducted a literature survey and identified determinant factors on quality management including management behaviour, total quality management implementation strategy, total quality management organization, total quality management communication, training and education, employee involvement, system and management process, and quality technology.

Black and Porter (1995) identify not just determinant factor on total quality management, but also level of importance of each factor along with relationship within those factors. The survey indicates there are ten determinant factors on total quality management, which are strategic quality management, consumer satisfaction orientation, human resource and customer management, communication on development information, external affair management, measurement improvement, company quality culture, supplier partnership, operational quality planning, and team structure on development process.

Xu (2003) analyzed determinant factors on data quality in accounting information system. Xu also analyzed user perception towards each factor regarding its importance and actual performance. This research also indentify determinant factor on data quality in accounting information system. There are six critical factor affecting data quality including top management commitment, nature of accounting information system, control input, personal competence, teamwork, and middle management commitment.

Soegiharto (2001) indicates in his research that user involvement in system process designing, development and implementation has a positive correlation with the usage level of the system itself. It also shows that personal capability has an indirect influence towards information system. Management capability influence on accounting information quality is also tested on Yadnyana and Mertha (2008). Their research covers stars hotels in Bali. They defined management capabilty as planning, organizing, directing and controlling. It comes that planning and organizing affecting the accounting information quality.

We can conclude that cost-of-sales information is also a product, an output of particular information system. It will affected by the quality of “goods” input in the process, which is the data itself. Just like another product, either the data or the information has a quality dimension. So we can assume that determinant factors on data quality will affect the cost-of-sales information quality. It is supported by research result commenced by Xu (2003). Top management commitment, nature of accounting information system, control input, personal competence, teamwork and middle management commitment are proved to affect the information quality. On hotel organization structure, middle management are usually supervisors responsible for daily hotel operational. So in a hotel, middle management is not

involved in cost-of-sales information processing and also not use those information for their daily tasks. For those reason, middle management commitment is excluded from this research, and lead to five proposed hypotheses :

H₁ : top management commitment has a positive and significant influence on hotels cost-of-sales information quality

H₂ : nature of accounting information system has a positive and significant influence on hotels cost-of-sales information quality

H₃ : personal competence has a positive and significant influence on hotels cost-of-sales information quality

H₄ : control input has a positive and significant influence on hotels cost-of-sales information quality

H₅ : teamwork has a positive and significant influence on hotels cost-of-sales information quality

III. Research Design

This research use primary data from survey conducted at five star hotels in Semarang. Questionnaire with 5 Likert scale are filled by head of department, assistant manager, and another party related with cost-of-sales information generating process. Purposive sampling is used to limit this research only at five stars hotels because those hotels need to provide variety of services due to regulation existed, not merely by the profit figure of the service.

Validity test is used to measure questionnaire's validity. Validity test was applied on each construct by looking towards bivariate correlation between each indicator's score to its total construct score. Further, a questionnaire is considered reliable if the respondent's response on particular statement is consistent in a different timeline (Ghozali, 2006). This research used one shot measurement, which is Cronbach Alpha analysis. The reliability test was also applied to each construct.

Before the regression model was tested any further, it must be tested with a series of test including multicollinearity, heterocedasticity, and normality test. Only after the regression model is proved to not have any of multicollinearity between its

independent variables or heterocedasticity; and the data was normally distributed, it can be proceed to regression analysis.

IV. Results and Analysis

Two of three five stars hotels in Semarang were participate in this research, represent 66,67% of total population. 28 questionnaires were collected and completely filled from total 35 questionnaires spread out. Respondent's response is summarized on table 4.1.

Table 4.1
Summary of Questionnaire's Responses

NO	DESCRIPTION	CODE	TOTAL RESPONDENT'S RESPONSE				
			1	2	3	4	5
1	Accuracy						
	The recorded value conforms the actual value : value recorded in the system is the same as value recorded in manual document	ACC1	1	0	1	13	13
	The recorded value is reliable : no material errors	ACC2	0	0	2	14	12
3	The recorded value is not bias : actually represent company condition	ACC3	0	0	2	14	12
4	Timeliness						
	Information is available when needed : system could generate the information instantly when needed	TIME1	0	1	0	18	9
	Information is generated on time : delivered on the right time to affect decision making.	TIME2	0	0	4	21	3
6	Information generated is up-to-date : information is still relevant for decision making process	TIME3	0	0	3	15	10
7	Completeness						
	All values for certain variables are recorded : initial information for decision making already recorded	COMP1	0	0	4	18	6
	Information generated is complete : no essential part missing	COMP2	0	0	6	15	7
9	Information generated comply with information needed : match to information necessity	COMP3	0	0	2	20	6
10	Consistency						
	Value recorded is equal on each case : value generated by the system is equal even if it be seen by two different party	CONS1	0	1	1	17	9
	Data value reported is identic all the time : recorded value in the system on particular time will be identical if it was seen in another time period.	CONS2	0	1	5	11	11
12	Relevancy						
	Information generated can be used to evaluate past performance.	RELV1	0	1	1	15	11
	Information generated can be used to support present decision making.	RELV2	0	1	1	15	11
14	Information generated can be used on future performance prediction.	RELV3	0	0	0	15	13
15	How is your company top management commitment towards cost-of-sales information quality ?						
	Top management realize the importance of information quality	KMP1	0	0	1	16	11
	Top management supports information system improvement activities	KMP2	0	0	2	12	14
17	How is the nature of your company accounting information system ? (System conformity towards the necessity)						
	Easy to operate	SSIA1	0	0	2	18	8
	Automatically provide data validation as much as possible : has a system to validate the data value input	SSIA2	0	2	5	14	7
	It has a sufficient documentation	SSIA3	0	1	6	13	8
	Easy to modified or upgraded	SSIA4	0	0	6	16	6
	The information system is stable : not much errors or inconsistency within the system	SSIA5	0	0	9	14	5
	System is up-to-date (following the development of information technology)	SSIA6	0	0	6	14	8
	Easy to interpret : information and system operation are easy to understand	SSIA7	0	0	1	21	6
24	It has an effective data management, such as database sentralization and data warehouse	SSIA8	0	0	6	17	5

	How is the personal competence affecting information generating process in your company ?						
25	Employee involved in information system is well-trained to operate the system used	KP1	0	0	0	19	9
26	Employee involve in information system is experienced on his working field.	KP2	0	0	1	19	8
27	Employee involved in information system has sufficient technical ability regarding the system operation	KP3	0	1	4	15	8
28	Employee involved in information system has sufficient business ability to analyze information generated by the system	KP4	0	1	9	14	4
	How is the control input in your company to assure the quality of information generated ? (Ensure the information quality on the earlier stage, which is minimize input errors.)						
29	Input value is visually checked by employee.	KI1	0	0	4	17	7
30	Source document is well-designed to ensure complete and accurate recording.	KI2	0	0	4	16	8
31	There is document register to be validate with source document	KI3	0	0	5	14	9
	How is your teamwork affecting a qualified information generating process ? (Working as a team and have a good communication within the team)						
32	Inter-departmental, and inside the department itself	TEAM1	0	0	3	19	6
33	Inter-function, such as between accounting and IT	TEAM2	0	0	1	20	7

Notes :

Code : marking code of each question number

1 – 5 : response score

Validity test conclude that all indicators used for measuring the variables are valid. But a different outcomes came from reliability test. In this research, reliability is measured using Cronbach Alpha. Differ from other four variables, it appears that construct for variable teamwork is not reliable because cronbach alpha score is less than 0,60. Table 4.2 shows the summary of reliability test.

Table 4.2
Reliability Test

Factor	Cronbach Alpha
Cost-of-sales Information Quality	0,819
Top Management Commitment	0,8889
Nature of Accounting Information System	0,8592
Personal Competence	0,7878
Control Input	0,7862
Teamwork	0,2998

Therefore this variable will not be tested any further and hypothesis H₅ will be also not tested.

Regression analysis is done after the regression model proved not to have multicollinearity and heteroscedasticity. The data is also normally distributed. Following table shows the regression analysis result.

Table 4.3
Regression Analysis Result
 $KIHPP = \beta_0 + \beta_1 KMP + \beta_2 SSIA + \beta_3 KP + \beta_4 KI + e$

Variabel	Koefisien ()	t	Sig
KMP (₁)	0,300	1.805	0,084
SSIA (₂)	0,458	2.625	0,015
KP (₃)	0,302	1.972	0,061
KI (₄)	-0,239	-1.480	0,153
F	:		7.018
Sig. F	:		0,001
R ²	:		0,550

Description :

KMP : top management commitment

SSIA : nature of accounting information system

KP : personal competence

KI : control input

Top management commitment represent awareness of top management towards information quality importance. This commitment can be seen through management point of view on information system development. Their support to improve information system quality shows the level of awareness. Top management commitment define major things on information system implementation. It will define what kind of information system will be used, and also directing system development to be adjusted with information needed on each hotel. Their concern toward information quality can be seen through employee training programs, not just to operate the system, but also to assess information quality produced by the system. In accordance with Yadnyana and Mertha (2008), the ability of top management to plan and organize system development activity affected the information quality itself.

Nature of accounting information system is measured by its simplicity, its flexibility to be modified, documentation capability and others. This research shows that if suitable accounting information system is used, it will affect the information quality positively. The same result also stated at Xu (2003). Thoroughly analysis should be done to meet many characteristics such as easy to use, have a validation system on input, also a reliable documentation. The possibility of modification and maintain the system stabil to follow the technology improvement are also considered. Not to mention that the system should be able to produce an interpretable result, and has an effective data management.

The third variable, personal competence, represent employee ability regarding system operation. It covers whether the employee is well-trained to operate the system, employee experience on system handling, employee technical ability on system operation, and their ability to analyze the information produced by the system. The higher personal competence to be, the higher information quality will be produced. It is in accordance with Xu (2003) which imply that personal competence is one of data quality determinant factors that affect the information quality. Soegiharto (2000) also found that personal competence has a positive effect, although it is proved not significant. This result also in accordance with Saraph, et al (1989) in Porter and Parker (1993) which indicates employee training as one of eight important variable affecting quality management. Yusoph and Aspinwall (1999) together with Porter and Parker (1993) also indicate that employee training and development is one of quality determinant factors.

Personal competence is considered critical because the human resource is also a component of an accounting information system. Even if the system has a reliable validation system, there are errors type that could be only detected by the human resource. Higher personal competence will assure higher validation on information produced and at the end increase the information quality. Personal competence also mean that the employee is well-trained to operate the information system. Employee experience laso affected employee assignment in using the information system. Two other factors need to be developed are employee technical ability along with their business ability according to analyze the system's result. Many of the users do not have sufficient technical ability. Majority depend on IT (Information Technology) department or EDP (Electronic Data Processing) personnel. Development on technical ability will enable system user to handle minor problems by themselves and understand the system thoroughly. Employee business ability is seen through their ability to analyze the information produced by the system. It has to be considered that errors not just probable in data-input stage, but also probable in processing stage. However, the process still have to depend on system stability. Therefore employee ability to analyze the result, to re-validate the information, is absolutely needed.

Differ to previous three variables, the last variable which is control input, showed to have a negative and insignificant effect towards information quality. It is contradicted with Xu (2003) where control input is identified as one of data-quality determinant factors and at the end affect information quality. Review thoroughly on questionnaire's answer, the respondents indicates that although the control input in their hotel is weak, they considered the cost-of-sales information produced is reliable. This is not supported with the theory stated that a good control input will assure a good information quality. But it has to be considered that control input meant in this research is manually data validation done by certain employee assigned to input the data. Questions appear on the questionnaire indicates whether there is a manual re-checking process by the employee when they input the data. But now information technology development has widened the definition of control input itself. Control input is not just the manual validation done by the human resource, but also done by the system itself by its programmed validation system. If manual control input is considered practically low, then the accounting information system could provide a secondary control input. In this research, one of nature-of-accounting information system is automatically provide data validation as much as possible. But this indicator also showed to be practically low. It means that the secondary control input also fail.

When an inputted data has a high error margin, personal competence is needed to assure the information quality produced. This research result shows that employee is well-trained and also experienced in operating the system. Employee also considered to have a good analysis ability toward the information produced. This enable an improvement and correction in data-processing stage so at the end it can still produce a qualified information. Of course this improvement and correction must be supported by the system flexibility to be adjusted to the company requirements. Therefore even though the control input is low, high personal competence and suitable system could still provide a qualified information.

It has to be kept in mind that even an intervention could be done in the middle of data processing, it means there has to be a re-input data activity. It is not ideal for a five stars hotel where cost-of-sales information is needed everyday. So improvement on control input is necessary to assure high control procedure, whether manual or system-automatically. Those two types control procedures will prevent different errors on data input process.

V. Conclusion

This research shows that top management commitment, nature of accounting information system, and personal competence are positively and significantly affect

the cost-of-sales information quality in hotel industry. On the contrary, control input showed to have a negative and insignificant effect towards cost-of-sales information quality in hotel industry. Therefore the last variable, control input, need to be re-tested in other research, considering this research is limited to its population and sample so the result of control input can not be generalized.

Now hotels industry should focusing their efforts to those factors proved to be determinant factor on data quality which is basically affect the information quality they used for decision making, in this case, cost-of-sales. Top management support is absolutely needed as initial step to its information system development. Also important for management to choose the most suitable system to their information requirement. Therefore the quality of information generated by the system will be higher. Management also required to continuously improve their personal competence, especially their competence to interpret the result.

Eventhough this reseach shows that in practically low control input, the system still could produce a qualified information, it doesn't mean that this variable could be neglected. Errors on earliest stage, which is data input, bring a higher error risk on the result generated, and also increase the possibility of re-input data process. At the end it will decrease the effectivity and efficiency of the system itself.

This research is opened for further research because some of its limitation. This research only focusing on five stars hotels and maybe considered not enough to generalized the whole hotel industry. This research also limited to cost-of-sales information quality as its independent variable, meanwhile there are other costs which have an important role in decision making, such as overhead cost.

For further research could be considered to expand the research sample, not just limited to five stars hotel but totality of hotel industry. Expantion also possible on information quality covering, not just limited to cost-of-sales but also covers another operational costs appear on cost center.

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APPENDIX 1

Please note the following definition before filling the questionnaire

Cost of sales :

All costs incurred on profit center department.

Profit center department :

Department which has revenue and cost posts, such as : room division, food and beverage division.

Information quality :

Information produced by the information system has quality dimensions which are accurate, timely, complete, and consistent.

QUESTIONNAIRE

Name :
Position :
Company :

SECTION I : COST-OF-SALES INFORMATION QUALITY

How do you asses cost-of-sales information quality in your company ?

Accuracy

a.The recorded value conforms the actual value : value recorded in the system is the same as value recorded in manual document

1	2	3	4	5
---	---	---	---	---

Very

disagree

Agree

b. The recorded value is reliable : no material errors

1	2	3	4	5
---	---	---	---	---

Very

unreliable

Very reliable

c. The recorded value is not bias : actually represent company condition

1	2	3	4	5
---	---	---	---	---

Bias

Not

bias

Timeliness

a. Information is available when needed : system could generate the information instantly when needed

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

b. Information is generated on time : delivered on the right time to affect decision making.

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

c. Information generated is up-to-date : information is still relevant for decision making process

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

Completeness

a. All values for certain variables are recorded : initial information for decision making already recorded

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

b. Information generated is complete : no essential part missing

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

c. Information generated comply with information nedded : match to information necessity

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

Consistency

a. Value recorded is equal on each case : value generated by the system is equal even if it be seen by two different party

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

b. Data value reported is identic all the time : recorded value in the system on particular time will be identical if it was seen in another time period.

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

Relevancy

a. Information generated can be used to evaluate past performance.

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

b. Information generated can be used to support present decision making.

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

c. Information generated can be used on future performance prediction.

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

SECTION II : DETERMINANT FACTORS

How is your company top management commitment towars cost-of-sales information quality ?

a. Top management realize the importance of information quality

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

b. Top management supports information system improvement activities

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

How is the nature of your company accounting information system ?

(System conformity towards the necessity)

a. Easy to operate

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

b. Automatically provide data validation as much as possible : has a system to validate the data value input

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

c. It has a sufficient documentation

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

d. Easy to modified or upgraded

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

e. The information system is stable : not much errors or inconsistency within the system

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

f. Sistem tersebut up-to-date (mengikuti kemajuan teknologi)

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

g. Easy to interpret : information and system operation are easy to understand

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

h. It has an effective data management, such as database sentralization and data warehouse

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

How is the personal competence affecting information generating process in your company ?

a. Employee involved in information system is well-trained to operate the system used

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

b. Employee involve in information system is experienced on his working field.

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

c. Employee involved in information system has sufficient technical ability regarding the system operation

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

d. Employee involved in information system has sufficient business ability to analyze information generated by the system

1	2	3	4	5
---	---	---	---	---

Very disagree Agree

How is the control input in your company to assure the quality of information generated ?
(Ensure the information quality on the earlier stage, which is minimize input errors.)

a. Input value is visually checked by employee.

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

b. Source document is well-designed to ensure complete and accurate recording.

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

c. There is document register to be validate with source document

1	2	3	4	5
---	---	---	---	---

Very
disagree

Agree

How is your teamwork affecting a qualified information generating process ?

(Working as a team and have a good communication within the team)

a. Inter-departmental, and inside the department itself

1	2	3	4	5
---	---	---	---	---

Very not cooperative

Very
cooperative

b. Inter-function, such as between accounting and IT

1	2	3	4	5
---	---	---	---	---

Very not cooperative

Very
cooperative

Are you willing to participate on further interview if a confirmation on your answers is needed ?

☐

Yes, I Will

☐

No, I will
not

APPENDIX 2

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	KI, KP, KMP, SSIA ^a		Enter

a. All requested variables entered.

b. Dependent Variable: KIHPP

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.741 ^a	.550	.471	3.7146

a. Predictors: (Constant), KI, KP, KMP, SSIA

b. Dependent Variable: KIHPP

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	387.343	4	96.836	7.018	.001 ^a
	Residual	317.336	23	13.797		
	Total	704.679	27			

a. Predictors: (Constant), KI, KP, KMP, SSIA

b. Dependent Variable: KIHPP

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	24.483	7.822		3.130	.005		
	KMP	1.350	.748	.300	1.805	.084	.711	1.407
	SSIA	.597	.227	.458	2.625	.015	.643	1.555
	KP	.770	.390	.302	1.972	.061	.833	1.200
	KI	-.733	.495	-.239	-1.480	.153	.753	1.329

a. Dependent Variable: KIHPP

Coefficient Correlations^a

Model			KI	KP	KMP	SSIA
1	Correlations	KI	1.000	-.073	-.153	-.341
		KP	-.073	1.000	-.204	-.179
		KMP	-.153	-.204	1.000	-.334
		SSIA	-.341	-.179	-.334	1.000
	Covariances	KI	.246	-1.404E-02	-5.658E-02	-3.848E-02
		KP	-1.404E-02	.152	-5.966E-02	-1.587E-02
		KMP	-5.658E-02	-5.966E-02	.559	-5.674E-02
		SSIA	-3.848E-02	-1.587E-02	-5.674E-02	.5173E-02

a. Dependent Variable: KIHPP

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index
1	1	4.965	1.000
	2	1.204E-02	20.304
	3	9.797E-03	22.512
	4	7.079E-03	26.484
	5	6.279E-03	28.119

Collinearity Diagnostics^a

Model	Dimension	Variance Proportions				
		(Constant)	KMP	SSIA	KP	KI
1	1	.00	.00	.00	.00	.00
	2	.01	.01	.02	.42	.56
	3	.02	.69	.04	.23	.18
	4	.00	.28	.90	.02	.20
	5	.96	.01	.05	.34	.06

a. Dependent Variable: KIHPP

Residuals Statistics^a

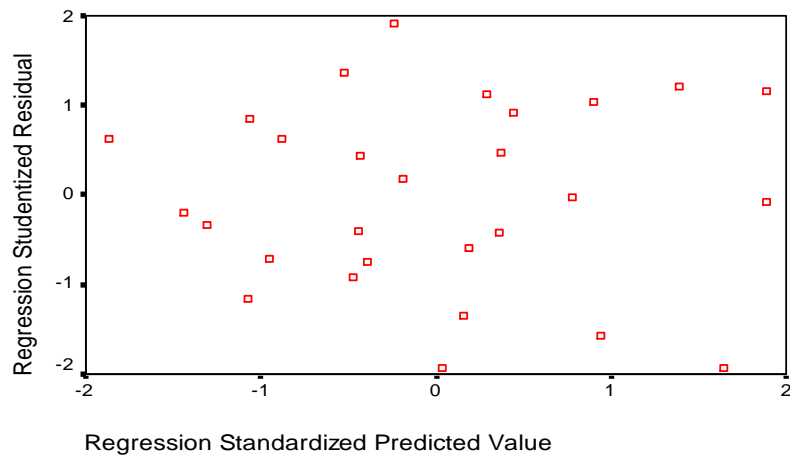
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	52.0462	66.2594	59.1071	3.7876	28
Std. Predicted Value	-1.864	1.888	.000	1.000	28
Standard Error of Predicted Value	.8600	2.5288	1.5058	.4514	28
Adjusted Predicted Value	51.2935	67.1956	59.2562	4.0166	28
Residual	-6.3179	6.7870	8.628E-15	3.4283	28
Std. Residual	-1.701	1.827	.000	.923	28
Stud. Residual	-1.937	1.911	-.016	1.041	28
Deleted Residual	-9.7518	7.4269	-.1491	4.4338	28
Stud. Deleted Residual	-2.071	2.038	-.022	1.074	28
Mahal. Distance	.483	11.550	3.857	2.904	28
Cook's Distance	.000	.639	.066	.131	28
Centered Leverage Value	.018	.428	.143	.108	28

a. Dependent Variable: KIHPP

CHARTS

Scatterplot

Dependent Variable: KIHPP



One-Sample Kolmogorov-Smirnov Test

		Unstandardized Residual
N		28
Normal Parameters ^{a,b}	Mean	1.995691E-08
	Std. Deviation	3.3440921
Most Extreme Differences	Absolute	.080
	Positive	.063
	Negative	-.080
Kolmogorov-Smirnov Z		.424
Asymp. Sig. (2-tailed)		.994

a. Test distribution is Normal.

b. Calculated from data.

THE PRACTICES OF REGIONAL AUTONOMY IN CENTRAL JAVA AND ITS IMPLICATION ON ECONOMIC COMPETITIVENESS²

Etty Puji Lestari, Muhammad Kholis

Faculty of Economics, Universitas Terbuka

ettypl@ut.ac.id

Implementation of regional autonomy has an opportunity and challenge for the Central Java to be more independent, especially in formulating policies in the area of natural resources management and financial management areas. This policy necessary to stabilize the structure of regional economy and improvement of local independence. In order for regional development can be achieved optimally, it is necessary to make local development planning. This study aims to analyze the potential of sectors, determine the competitiveness of leading commodity and map the opportunities of Central Java in improving its economic competitiveness. There are two methods used to see the structure of the economy of Central Java namely LQ and SWOT Analysis. Location Quotien (LQ) is a technique for determining the export capacity of the regional economy. The results show that the trade, hotel and restaurant sectors have the potential to become the basis for LQ values. These results indicate the success of Central Java in managing the trade, hotels and restaurants. Central Java also has tourism potential to improve the competitiveness of its economy. The most importantly, simplifying the bureaucracy to attract investors needs to provide employment opportunities to increase income per capita.

Keywords : competitiveness, regional autonomy, Central Java

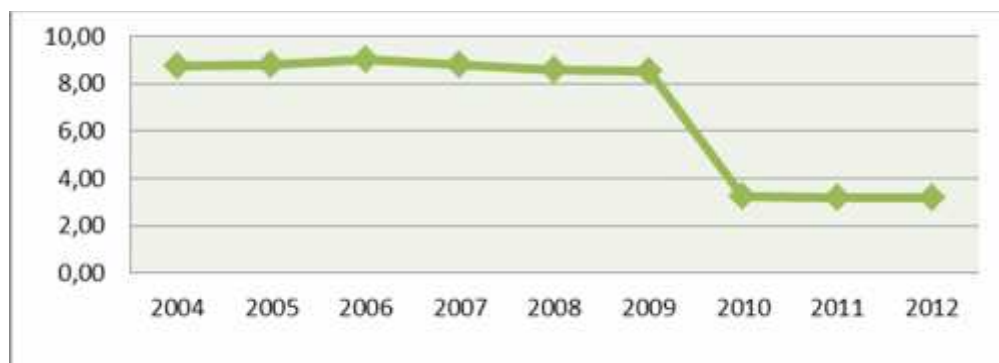
INTRODUCTION

Implementation of regional autonomy has an opportunity and challenge for the Central Java Provincial Government to be more independent, especially in formulating policies in the of natural resources management and financial management. This policy necessary to stabilize the structure of the regional

² Authors would like to thank to DIKTI for the financial support with the scheme HIBAH BERSAING Research

economy and the improvement of local independence in carrying out its economic development . Formulation of policies, programs and development activities in the region also need to consider the objectives of national development.

The economic development in Central Java showed more encouraging performance marked by rising 5.13 per cent economic growth in 2004 to 5.46 percent in 2008 (see Figure 1) . This result indicated the ability of local governments to intensify support of natural resources and human development. Support the potential to be developed to accelerate development in this area at the same time strengthening the structure of the regional economy. In 2009 this growth decreased significantly to reach 3.24 percent and 3.16 percent ended up being in 2012. The decline in growth is not separated from the shock that hit the world economy in 2008 to the present .



Source: BPS , 2013

Figure 1. Growth Rate of GDP at Current Prices
Central Java Province, 2004-2012

Central Java has the potential to attract foreign investors. Therefore, local governments need to prepare the supporting infrastructures. Given the high demand and limited funds owned by the Local Government allocation of development funds need to be carried out effectively and efficiently as well as efficient. Central Java province also had some problems in the process of building its economy. One of them is the problem of gaps in the management sector.

The economy in the province of Central Java is mainly contributed by the manufacturing sector, trade, hotel and restaurant and agricultural sectors. While the contribution of other sectors such as the financial services sector and is still relatively small. Though both sectors potential to be developed. This condition

reflects not maximal sector development based on actual skills and expertise have contributed greatly to improving the economy.

Some of these issues should receive attention from the local government. Therefore, various strategies and policies need to be formulated to solve these problems. Success in solving the various problems that occur in the development process will improve the performance and independence of local governments. Improving people's welfare and independence of the region in the implementation of development needed to achieve local autonomy. Utilization of natural resources needs to be done in an optimal and prudent so as to have an important role in improving the welfare of local communities. This article will analyze the potential of the sectors in the province of Central Java.

METHODOLOGY

We used two methods, Location Quotient and SWOT analysis (Strength, Weaknesses, Opportunities, Threats) for analysis the competitiveness. Data were gain from the Central Bureau of Statistics, Bank Indonesia, Central Java Provincial Government, Ministry of Commerce and also supported by a study in the library. The range of periods used in this study is three (3) years, 2010 to 2012.

Location Quotient (LQ)

A location-quotient analysis is used to compare levels of employment between two geographic areas in order to gauge the concentration of a particular good or service. This method assumes that a region is self sufficient if its rate of employment is proportional to the state's rate of employment for that industry. If the region's rate of employment is lower than the state's rate, the region is said to be producing less of that product and is therefore forced to import some of these products. If a region's rate of employment is greater than the state's rate, then the region is exporting some of its products. Any industry found to be exporting products is said to be "basic" (verses "non-basic") and is considered highly valuable for economic development. This economic base analysis has some limitations, one of which is that it assumes that the pattern of demand is uniform state-wide. This may not always be the case, however, since factors such as climate, local tradition, or custom can exert an influence on the demand for a specific product.

LQ analysis techniques also have a development philosophy adopted is a trickle down effect means for the efficiency of local government will allocate funds to the sector strong in the hope that a strong sector that will transmit growth in sectors that are less powerful. If the government is not convinced that the

philosophy of trickle down effect is running, then it is non-sector basis should be preferred. Location quotients technique used to determine the base sector there are several kinds , among others :

a. Location quotients based on employment by sector using the following formula:

$$LQ = \frac{\frac{X_{ij}}{X_j}}{\frac{Y_i}{Y}}$$

where LQ = index location quotients ; X_{ij} = number of people working in the sector i in province j; x_j = Number of total employment in the province j; Y_i = number of workers in sector i in country or other benchmark regions and Y = total number of labor in countries or regions other references.

b. Location quotients on the basis of GDP by the formula :

$$LQPDRB = \frac{\frac{X_{ij}}{X_j}}{\frac{Y_i}{Y}}$$

where LQ = index location quotients; X_{ij} = Value GDP sector i in province j; x_j = Value of total provincial GDP j; Y_i = value i in the state sector GDP or other reference regions, and Y = the total GDP countries or regions other references.

Interpretation location quotients based on employment and GDP are:

If $LQ > 1$ then said to be a sector basis sector

If $LQ = 1$ then said to approach the sector as a sector basis.

Some researchers to categorize its sector $LQ = 1$ is a sector basis

If $LQ < 1$ then the sector is not a sector basis

c. Location quotients on Commodities Basic.

Quotients of this type is not used to determine the base sector but is usually used to determine whether the commodity which is the result of an area is a leading commodity or not. The formula used is :

$$LQ_{com} = \frac{\frac{X_{ij}}{X_j}}{\frac{Y_i}{Y}}$$

where LQ = index location quotients; X_{ij} = value of commodity i output in a sector/sub- sector in the province j; x_j = total production value of all commodities in a sector/sub- sector and province j; Y_i = value of commodity i output in a sector/sub sector in countries or regions other references. Meaning good location quotients based on the production value of a commodity is: If $LQ > 1$ then the commodity is a leading commodity areas

If $LQ = 1$ then said to be a leading commodity commodity approach as a region.
 Its commodity $LQ = 1$ categorized as a commodity
 If $LQ < 1$ then the commodity is not the leading commodity
 This study uses the second approach is based on GDP LQ because it reflects the performance of sectoral areas .

SWOT Analysis

SWOT (Strengths, Weaknesses, Opportunities, Threats) is usually used to evaluate the opportunities and challenges in the business environment or the internal environment (Kuncoro, 2004). SWOT can also be used to see the condition of the economy of a region. To make it easier to do a SWOT analysis SWOT matrix is needed so that it can be formulated various strategies required of each element. SWOT matrix can be seen in Figure 2 .



Source : http://en.wikipedia.org/wiki/SWOT_analysis

Figure 2. SWOT Analysis

Basically alternative strategy adopted should be directed at efforts to use the strengths and weaknesses Touch ups, take advantage of economic opportunities and to anticipate threats. From the SWOT matrix will be obtained four groups of strategies, namely SO strategies, WO strategy, strategy ST, and WT strategies. Through the SWOT strategy matrix, then do positioning, to measure the position of Central Java is concerned with the economy. Given the internal and external aspects of the economy of Central Java Province, the weighting is done from the most influential to the least influential.

RESULT AND DISCUSSION

LQ calculation results indicate that there are at least four sectors in the province of Central Java which has a value of $LQ > 1$ include agriculture, manufacturing, electricity and water sector and trade, hotel and restaurant. This indicates that almost half of the sector in Central Java can be a sector basis for regional economic growth. During the period 2010-2012, the economy sector in Central Java province shows the performance advantages of commodity that can be consistently maintained. These results can not be separated from the fact that the districts that enter into sub-districts of Central Java is the key that actually deliver the greatest added value to the economy of Central Java. The value of $LQ > 1$ in the four sectors also indicated that the production output of Central Java in surplus or produce the required output exceeds the proportion of provincial output and contribute to economic growth in Indonesia. Therefore, these sectors may become a base sector or sectors key to the development of other sectors. Sector 's main base in the province is trade, hotels and restaurants with an average value of 1.44 LQ. Table complete calculation is presented in Table 1.

The calculations indicates that the trade, hotel and restaurant sector has the potential to become the basis for LQ values greater than 1, with a breakdown for the year 2010 amounted to 1,429 , in 2011 was 1,431 and for the year 2012 amounted to 1,284. These results indicate the success of Central Java province in the hotel trade and services sectors. The high potential of this sub- sector is mainly contributed by trade, hotels and restaurants are more lively.

Table 1. The Calculation Result of LQ

No.	BUSINESS SECTOR	CENTRAL JAVA			INDONESIA			RESULT		
		2010	2011	2012	2010	2011	2012	LQ2010	LQ2011	LQ2012
1	Agriculture	86.665,68	95.078,35	104.311,42	985.470,50	1.091.447,30	1.190.412,40	1,2755	1,2964	1,2978
2	Mining and Quarrying	4.302,56	4.726,49	5.239,59	719.710,10	979.505,40	970.599,60	0,0867	0,0718	0,0800
3	Manufacturing	146.132,83	165.860,52	182.715,24	1.599.073,10	1.806.140,50	1.972.846,60	1,3255	1,3666	1,3717
4	Electricity and Water	4.465,49	5.110,06	5.648,69	49.119,00	56.788,90	65.124,90	1,3186	1,3391	1,2846
5	Building	27.124,58	29.851,90	33.352,51	660.890,50	754.483,50	860.964,80	0,5953	0,5888	0,5737
6	Trade, Hotels and Restaurants	86.998,49	98.462,08	112.908,72	882.487,20	1.024.009,10	1.145.600,90	1,4299	1,4310	1,4597
7	Transportation and Communications	26.298,75	29.172,04	32.951,09	423.172,20	491.283,10	549.115,50	0,9014	0,8837	0,8888
8	Finance, Real Estate and Business Services	15.899,73	17.684,05	19.993,41	466.563,80	535.152,90	598.523,20	0,4943	0,4918	0,4947
9	Services	46.599,86	52.828,32	59.359,20	660.365,50	783.970,50	888.676,40	1,0235	1,0028	0,9893
	PDRB/PDB	444.487,97	498.773,81	556.479,87	6.446.851,90	7.422.781,20	8.241.864,30			

Source : data processed

Central Java, there are also a lot of very interesting sights both natural attractions and tourist culture. One of the seven wonders of the world located in the province of Central Java is Borobudur Temple. Borobudur temple is located at Borobudur, Magelang, Central Java. The location of the temple is approximately 100 km south-west of Semarang , 86 miles to the west of Surakarta, and 40

km northwest of Yogyakarta. Borobudur is still used as a place of religious pilgrimage ; each year Buddhists who come from all over Indonesia and abroad gather at Borobudur to commemorate Waisak Trisuci.

Table 2. Number of Tourists to Tourism in Central Java Province

Regency	Domestic Travelers	Foreign Tourists
Banjarnegara	35448	0
Banyumas	556001	2230
Batang	45135	4
Blora	56166	200
Boyolali	52685	0
Brebes	47736	15
Cilacap	126204	1664
Demak	36971	0
Grobogan	82922	86
Jepara	54174	2144
Karanganyar	296869	2092
Kebumen	94373	78
Kendal	88888	0
Klaten	88847	143
Kudus	122286	713
Magelang	33684	29239
Pati	130972	31
Pekalongan	18866	0
Pemalang	26091	0
Purbalingga	26605	3
Purworejo	47717	37
Rembang	41146	85
Semarang	867077	216
Sragen	41443	0
Sukoharjo	82855	51
Tegal	69465	0
Temanggung	64073	0
Wonogiri	30204	6
Wonosobo	104441	10409
Magelang municipality	95294	370
Pekalongan municipality	109059	146
Salatiga municipality	74285	506

Regency	Domestic Travelers	Foreign Tourists
Semarang municipality	1067050	18512
Surakarta municipality	948334	9127
Tegal municipality	180745	233

The existence of a number of these tourist areas provide space for the business to develop trading activities, build hotels and restaurants and various businesses supporting tourism. The number of hotels being built in Central Java also experienced a significant increase. Another sector that has the potential to be developed is the manufacturing sector that has a value of 1.325 LQ calculation in 2010, 1.366 in 2011 and 1372 in 2012. Performance of this sector is supported by the ability of the province of Central Java in the produce industry to manage small, medium and large industrial. MSME Development commodity in Central Java also be an attraction to visit. Basically divided into three main sectors namely industry, agriculture, and tourism. This development is generally based commodity cluster .

The development of infrastructure in the province of Central Java is sufficient, it can be seen from the potential of existing infrastructure in Central Java position in fourth place after Jakarta, East Kalimantan and East Java. Central Java Provincial Government continues even accelerate the development of Central Java with a primary focus on infrastructure development. Provision of infrastructure, particularly roads does have a positive correlation to the overall economy of Central Java. Development of regional and local road infrastructure will be a significant driver in improving economic activity and income .

Results of SWOT Analysis

Central Java province actually has the potential to improve the competitiveness of its economy. Some studies indicate the many opportunities of the Central Java to explore all the strength they have in order to increase per capita income. Table 3 explains the SWOT analysis for Central Java Province.

Table 3. SWOT Analysis for Central Java

	<i>STRENGTH (S)</i>	<i>WEAKNESS (W)</i>
	<ul style="list-style-type: none"> ▪ Have a productive sector basis ▪ Sub-sector industry has the potential ▪ HR and employment of trained 	<ul style="list-style-type: none"> ▪ The lack of exploration of the tourism sector ▪ Infrastructure to the tourist attractions are still lacking ▪ Investment still needs

	<ul style="list-style-type: none"> ▪ Have a high tourist potential ▪ Has a strategic location because it was the middle of the island of Java 	<p>to be improved</p> <ul style="list-style-type: none"> ▪ income percapita is still low ▪ Bureaucracy that takes a long time ▪ Relatively few jobs so much labor migration
<p>OPPORTUNITIES (O)</p> <ul style="list-style-type: none"> ▪ Potential revenues from the tourism sector high ▪ Potential regional economy increased ▪ Many young workers ▪ The increase in average per capita income ▪ Increased exports of handicrafts ▪ There are many jobs that can be extracted 	<p>STRATEGI SO</p> <ul style="list-style-type: none"> ▪ Developed infrastructure especially to the tourist area ▪ Improve the local economy ▪ Aggressively increase the per capita income of the area ▪ The development of small and medium industries such as batik, handicraft carving 	<p>STRATEGI WO</p> <ul style="list-style-type: none"> ▪ Improving infrastructure especially to tourist sites ▪ Providing incentives to create jobs to reduce unemployment ▪ Need simplification of bureaucracy to attract investors, especially the tourism sector such as hotel construction
<p>THREATS (T)</p> <ul style="list-style-type: none"> ▪ Tourism potential of other areas more attractive ▪ Many jobs in other areas so as to encourage the migration of skilled labor ▪ Labor costs in other areas of higher 	<p>STRATEGI ST</p> <ul style="list-style-type: none"> ▪ Increasing tourism potential of the area by building adequate infrastructure ▪ Informal sub-sector should be encouraged and fostered by the government continue with the provision of soft loans and coaching skills 	<p>STRATEGI WT</p> <ul style="list-style-type: none"> ▪ Need job creation in rural to reducing urbanization ▪ Simplification of bureaucracy to attract investors so as to provide employment opportunities

Sources : various literature

From SWOT analysis show that Central Java has a high tourism potential to be managed by the local government. The tourist areas require serious treatment to be developed if it is supported by adequate infrastructure network, ease of

access to get there, where hotels and restaurants that support. If this is not met then the area will increase economy impossible. Statistics show that there are still a lot of labor at a young age. Thus, to avoid the explosion of urbanization in the rural sector, the area should be developed. If the current activity is merely a traditional garden harvest then the next government through the Department of Agriculture should provide training to develop the agricultural sector. For example, the development of agriculture through agro-industrial or development of organic agriculture. If the current price of chemical fertilizer is very high then the farmers could process organic waste into fertilizer and livestock manure. Thus litter of animals and plants have two benefits include reducing the volume of waste and cost efficiency because the farmer does not need chemical fertilizers counts for their agricultural products .

Another thing that is not less important is the increase in agricultural exports. Central Java is known to have excellence in craft. The number of industries in Jepara carving should be developed. Jepara has many craftsmen who make furniture quality is very good. Craftsman should continue to be fostered to keep improving the quality of its production to be exported out of the country. Therefore, standards must be a premium product to increase its price .

Conclusion

From the results of the calculations that have been done, it can be concluded that the four sectors in the province of Central Java which has a value of $LQ > 1$ include agriculture, manufacturing, electricity and water sector and trade, hotel and restaurant. These conditions indicate that almost half of the sector in Central Java can be a sector basis for regional economic growth. During the period 2010-2012, the economy sector in Central Java province shows the performance advantages of commodity that can be consistently maintained. These results can not be separated from the fact that the districts that enter into sub-districts of Central Java is the key that actually deliver the greatest added value to the economy of Central Java .

Central Java also has potential that could be developed as carving industry in Jepara. Pattern intensive and integrated in this industry is believed to be able to maintain product quality carving thus opening the potential for export at competitive prices. The government should create a conducive climate that makes advanced industrial areas and its products have good quality

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**THE EFFECT OF MARKET VALUE AND VARIANCE
RETURN ON HOLDING PERIOD IN LQ-45 COMPANIES LISTED IN
INDONESIA STOCK EXCHANGE YEAR 2011-2013**

EKO PRASETYO

Accounting Department

University of Swadaya Gunung Jati

Jl. Pemuda No. 32 Cirebon 45132 West Java

INDONESIA

Phone. +62231 206558 Ext. 214, 215 Fax (+62231) 236742

ekoprasetyo1593@gmail.com

IDA ROSNIDAH

Accounting Department

University of Swadaya Gunung Jati

Jl. Pemuda No. 32 Cirebon 45132 Jawa Barat

INDONESIA

Phone. +62231 206558 Ext. 214, 215 Fax (+62231) 236742

idarosnidah2010@yahoo.com

WIWIT APIT SULISTYOWATI

Accounting Department

University of Swadaya Gunung Jati

Jl. Pemuda No. 32 Cirebon 45132 West Java

INDONESIA

Phone. +62231 206558 Ext. 214, 215 Fax (+62231) 236742

wiwit_apit@yahoo.co.id

DEDI MUHAMMAD SIDDIQ

Management Department

University of Swadaya Gunung Jati

Jl. Pemuda No. 32 Cirebon 45132 West Java

INDONESIA

Phone. +62231 206558 Ext. 214, 215 Fax (+62231) 236742

dedi.siddiq@uqconnect.edu.au

Abstract

In investing stock, investors have the freedom to choose the type of stock. In addition to choosing stocks, investors also have the freedom to buy the number of shares and to hold such financial assets in a period of time. The factors that affect

the holding period include market value and variance return. This present study examined the holding period of the shares of LQ-45 companies listed in Indonesia Stock Exchange (IDX) for 2011-2013 period. This study used a sample of 12 companies always registered in LQ-45 during the period. Data analysis was performed using multiple regression analysis. Prior to the the data analysis, the data was first tested with normality, multicollinearity, autocorrelation and heteroskedastisity test. The t test found that the variable of the market value has positive effect on holding period while the variance return variable does not affect the holding period.

Key words: market value, variance return and holding period.

I. INTRODUCTION

Recently, activities in Indonesia Stock Exchange (IDX) is getting crowded shown by increased trading activities and companies listed in BEI. During January to December 2014, Jakarta Composite Index (JCI) had an upward trend. On December 29, 2014, JCI was closed at level of 5,178,373 points increasing by 21.15% compared to the closing in the end of December 2013 which was at 4,274.177 points. The average daily transaction frequency of shares in January-December 2014 rose compared to the same period in 2013, i.e. an increase of 38.36% from 153,686 to 212,643 times. During that period, there was the addition of 23 new companies listed in IDX, and there was a company that did not do relisting (www.idx.co.id).

IDX has many investment instruments that can be selected by investors. However, in general the ordinary stock is the most widely stock offered by the company, the most attractive for investors and the most dominating in trading volume. In addition to have the freedom to determine the type of desired shares for investment vehicles, investors also have freedom to determine the number of shares owned and the length of time holding these shares (Purnaningputri, 2014).

The length of time investors hold stocks are associated with the risk of rate of return faced by the investors. The average length of time investors keep or hold the shares for a certain period of time is called holding period (Hadi, 2008). The holding period varies from one day, one week, one month, even a year or more. This is influenced among others by the level of return obtained i.e. dividends and capital gains (Wisayang, 2011). Basically, investors invest in stocks in order to get a capital gain and dividend. Investors will hold their shares until at a certain price level to cover the emerging cost of the stock transaction and to obtain the optimum proprofit (Purnaningputri, 2014).

The example of holding period of the company shares is as shown by PT Astra Agro Lestari Tbk. (PT AAL). AAL's PT stocks are included in the LQ-45 and were always recorded in IDX from 2011-2013. The Figure shows that the company's stock holding period experienced fluctuation. The longest occurred in January (75.72) and the shortest was in September (29.72).

Picture 1. Fluctuation of Holding Period for PT Astra Agro Lestari Tbk.'s stocks from January - December 2013



Source: www.idx.co.id

The decision to hold the shares is influenced by several factors namely market value and variance return. Market value is defined as the stock price in the market in a given period which is determined by the market participation (Arma, 2013). Market value is the average of stock price for one year multiplied by the number of shares outstanding at the end of the year (Maulina et al, 2009). The more the number of shares outstanding and the higher the price of stock the bigger the size of a company is.

Market value indicates the size of the company showing that the greater the market value the larger the company is (Wisayang, 2011). Most investors regard large companies have the financial stability than the small ones. Moreover, large companies have a competent financial analysis, which can lead to more accurate financial information that can shorten distance between investors' expectations and actual happening in the company (Perangin- wind and Fauzie, 2013).

Variance return is a proxy of the level of risk caused by the stock price fluctuation (Perangin-wind and Fauzie, 2013). In theory, high stock variance return would cause the holding period becomes shorter (Ratnasari and Astuti, 2013). In addition several studies have discussed holding periods. Perangin-wind and Fauzie (2013) stated that market value did not affect holding period while Ratnasari and Astuti (2014) found that market value affects holding period.

Based on the phenomenon and the different results of previous researches, the researchers attempt to re-examine the effects of market value and variance return on holding period in LQ-45 index companies listed in Indonesia Stock Exchange (IDX) for the period of 2011-2013. LQ 45 index shows the market capitalization value of 45 most liquid stocks from companies that have large capitalization value. LQ 45 selects 45 stocks based on share trading liquidity and is adjusted every six months (every early February and August). Thus, stocks contained in the index will always change.

Two research questions proposed in this study namely:

1. How is the influence of market value on holding period in LQ-45 companies listed in Indonesia Stock Exchange (IDX) for the period of 2011-2013?
2. How is the influence of variance return on the holding period in LQ-45 companies listed in Indonesia Stock Exchange (IDX) for the period of 2011-2013?

II. LITERATURE REVIEW, CONCEPTUAL FRAMEWORK AND HYPOTHESES

Literature Review

1. Signalling Theory

Signalling Theory developed by Ross (1977) stated that the company executives who have better information about their company will be compelled to pass on the information to potential investors in order to increase their company's share price. The positive thing in signaling theory is that the companies that provide good information will differentiate themselves with companies that do not have "good news" to inform the market regarding their company improvement. The signal regarding the future good performance given by the company whose their past financial performance was not good will not be trusted by the market (Wolk and Tearney in Dwiyanti, 2010).

2. Holding Period

According to Arma (2013), holding period is the average length of time spent by investors to store or hold stocks for a certain period of time. Investors have risks in investing shares they trade in the capital market. The time duration of investors holding a stock is performed to yield benefit in the form of capital gain or dividend. In practice, each investor has its own taste and appetite on shares they bought. Some have interest on property shares, retail, cement, mining, oil and gas and others (Zubir 2011: 275)

If investors calculate that the prices of their own stocks will increase they tend to hold these shares until the share price actually rose. Conversely, if the investor foresees the stock price will go down, the investors would sell the shares they own to minimize the risk the investors may face.

In general, the decision to buy or sell shares, Halim (2015) argued is determined by a comparison of the estimated intrinsic value with market price, with taking into consideration the following recommendations:

1. If the stock market price is lower than its intrinsic value, the investor should buy stocks and hold temporarily for the purpose of obtaining capital gains in case of the price increasing.
2. If the stock market price is equal to its intrinsic value, the investor should do not do trading because these shares are in a state of equilibrium. The purchase or sale of these shares is not likely to yield any profit.
3. If the stock market price is higher than its intrinsic value, the investor should sell in order to avoid losses because the price is very likely to be go down in order to adjust the value.

These general rules seem very simple and easy to understand but quite difficult to put them into practice. The difficulty is in determining intrinsic value. Therefore, the calculation process should be conducted on an ongoing basis.

3. Market Value

Market value is the price happening in the stock market at an appropriate time determined by market participants (Hartono 2013). Market value may change unpredictably and the main factor that lead to the change is the different perception from each investor based on the information they hold (Widoatmodjo in Arma, 2013). Market value can be used to measure the size of companies as it is the actual value of companies' assets reflected in the market (Hadi, 2008).

The market value calculation is achieved by multiplying the average stock price during the year t with the number of shares outstanding in the company i by the end of year t (Perangin-wind and Fauzi, 2013). Based on the large number of shares outstanding and the stock price, investors can see the size of a company (Wisayang, 2011). The more the number of shares outstanding and the more increasing of stock price the bigger the companies would be.

4. Variance Return

Investments always involve risks associated with the deviation between the actual return against the expected return. Therefore, investors must be able to calculate the risk of an investment (Tandelilin, 2010). Risk is defined as the difference between the expected return and actual return (Zubir, 2011). The greater the deviation, the higher the level of risk would be. The essence of investment is to calculate the deviation between the real and the expected return. The greater the fluctuations of the stock price against the average the greater the risk would be (Zubir, 2011).

Risk can be expressed in terms of variance. According to Hartono (2013) variance is the square of the standard deviation. Return and risk have a positive relationship meaning that the greater the risk to be borne, the greater the return that should be obtained. Arma (2013) suggests that variance return is the level of risk that occurs from an investment activity, primarily as a result of share transactions in the stock market caused by the volatility of stock prices.

III. CONCEPTUAL FRAMEWORK AND HYPOTHESIS

1. Influence of Market Value on Holding Period

Market value is defined as the stock price that occurred in the stock market at a specific time determined by market participants (Wisayang, 2011). The more market value of a company, the longer the investors are likely to hold shares as they assume that large companies are usually have more stable financial condition that brings about the smaller risk (Arma, 2013). In addition, the larger the market value of a company, the longer the holding period would be as investors assume that large companies have a competent financial analysis so that it can produce more accurate financial information. This can shorten the distance between expectations and actual investor in the company (Perangin-wind and Fauzie, 2013). Therefore, the market value is an important variable considered by investors in determining the length of holding period.

Such an argument is supported by Ratnasari and Astuti (2014) who argued that market value has significant positive effect on the holding period. Based on the above description, this study proposed the first hypothesis:

H1: Marke value possitively affects holding period.

2. Influence of Variance Return on Holding Period

Variance return is a direct measure of the volatility of the companies' stock which is a proxy of the risk of the company (Wisayang, 2011). In terms of the risk, almost all investor avoid risks they may face whether in their action they ignore or avoid risk or do risk-seeking. Investors who are risk-taking base their belief on the idea that high-risk investments give high return (Purnaningputri, 2014). This relates to the concept of high risk and high return. The presence of stock fluctuation will lead to shorter holding period given that investors will quickly obtain benefit from the investment and this will be investors' decision to release their shares to obtain capital gain.

Such an argument is supported by Perangin-wind and Fauzie (2013) that argued that the variance return variable has significant negative effect on holding period variable. Therefore, the next hypothesis would be:

H2: Variance returns negatively affect holding period.

IV. RESEARCH METHOD

1. Research Type

This study chose the basic research as the type of research methods. According sekaran (2014: 10) basic research is a research conducted to improve the understanding of the particular problems that often occur in the context of organization and is looking for methods to solve. The influence of independent on dependent variable can be traced through a verification research. Verification research method is a type of research that explains the nature of the particular relationship or determines the differences of groups or independence of two or more factors in a situation.

2. Variable Operationalization

Dependent Variables

1. *Holding Period(Y)*

Arma (2013) argued that holding period is the average length of time spent investor to store or hold a stock for a certain period of time. The average of investor holding period for each year can be calculated by dividing the number of shares outstanding in the company *i* at the end of year *t* with an average of trading volume of stock *i* in year *t*. This can be formulated as follows:

$$HP_{it} = \frac{\text{the number of shares out}}{\text{Volume of trading tran}}$$

Source: Perangin-wind and Fauzie (2013)

After calculating the holding period, the calculation result is then transformed into the natural logarithm (Ln).

Independent Variable

2. Market Value (X_1)

Wisayang (2011) defined market value as the stock price that occurred in the stock market at a specific time performed by market participants. The value of this market is determined by supply and demand on the relevant stock in the stock exchange (Hartono, 2013). Market value can also be interpreted as an average of overall value of company i during the year t . The market value can be calculated by multiplying the average of stock price during year t with the number of shares outstanding in the company i by the end of year t . Calculation of market value can be formulated as follows:

$$MV_{it} = \text{Average of stock price}_{it} \times \text{the number of stock outstanding}_{it}$$

Source: Perangin-angin and Fauzie (2013)

Like holding period, after calculating the market value, the calculation result is transformed into natural logarithm (Ln).

3. Variance Return (X_2)

Perangin-angin and Fauzie (2013) defined variance return as a proxy of the level of risk posed by fluctuations in stock prices. Return can be real that has occurred or that expected by investors in the future. Risk is the difference between the expected and the realized return (Zubir, 2011).

In measuring the risk of a company proxied by the variance return, the first step is through getting the value of stock return and expected return. Having obtained the stock return and the expected return, we can obtain variance return. Variance return can be calculated as follows:

$$\sigma_j^2 = \frac{\sum_{i=1}^n [(R_{ij} - E(R_j))]^2}{n - 1}$$

Source: Tandelilin (2010)

Explanation:

σ_j^2 = variance return of investment at stock j.

R_{ij} = stock returns from investing in shares j in year t.

$E(R_j)$ = *expected return* of shares investment.

T = an observation period.

After calculating the variance return the calculation result is transformed into natural logarithm (Ln).

3. Population and Sample

The population used in this study are all LQ-45 index companies listed in the IDX from 2011 to 2013. The samples in this study were obtained by purposive sampling method with following criteria:

1. Registered as LQ-45 index companies listed in the IDX during the period of January 1, 2011 until December 31, 2013.
2. Companies consistently active during the period January 1, 2011 until December 31, 2013.
3. The availability of transaction volume data and the number of shares outstanding during the period January 1, 2011 until December 31, 2013.
4. The availability of stock price data at the closing for period December 31, 2007 until December 31, 2013.

4. Data collection Technique

Data collection technique for the purpose of this study was conducted by documentation. The documentation is aimed to collect data and analyze data relating to the issues examined.

Data collection methods used in the study include:

1. Literature study, by doing some literature reviews and exploring and reviewing some literature such as books, journals, and other sources related to the research.
2. Documentation method by collecting, recording, and reviewing data from IDX website, Indonesian Capital Market Directory (ICMD), and company performance reports published in their websites as well as a wide variety of existing literature.

5. Data Analysis Method

In this study, researchers used multiple regression analysis method and classical assumption test. The following will explain more about the multiple linear regression analysis and classical assumption.

Descriptive Statistics

Descriptive statistical analysis was used to reveal the characteristic of the sample and describe variables in the study. This includes numbers, samples, minimum and maximum values, average values and standard deviation.

Classical Assumption Test

1. Normality Test

Sufren and Nathanael, 2014 argued that normality test is an attempt to determine whether variable data approach a normal distribution population or not. In addition, the test is aimed to test whether the regression model and its residual has normal distribution or not (Widodo, 2013). Data normality testing process was conducted with respect to the deployment of the data on normal p-plot of regression standardized residual of dependent variable. In order to ensure the validity, the researchers use non-parametric statistical tests Kolmogorov-Smirnov (KS) against the residual value.

2. Multicollinearity Test

According to Gozali (2013), multicollinearity test is aimed to test whether the regression model found a correlation among independent variables. A good regression model should not bring about the correlation among the independent variables. If it happens meaning these variables are not orthogonal.

3. Autocorrelation Test

Gozali (2013) argued that autocorrelation test is aimed to test whether the linear regression model has correlation between residual error in period t with the residual error in period $t-1$ (previously). Good linear regression is obtained when the regression is free from autocorrelation or no autocorrelation. This can be found through checking the value of Durbin-Watson (DW). The requirement of no autocorrelation is when $1 < DW < 3$.

4. Heteroscedasticity Test

Heteroscedasticity test is to see whether the error on the data has the same variance or not. Heteroscedasticity has a situation in which the variance error is different from one observation to the others (Sufren and Nathanael, 2014). Heteroscedasticity test aims to test whether there is inequality of variance of residual within the regression model from one observation to the others (Widodo 2013). Multiple linear regression model is considered good if it is homoskedasticity or not heteroscedasticity (Widodo 2013). To detect the presence or absence of heteroscedasticity is through statistical tests and the statistical test used in this study is a Glejser test.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to predict the rise or fall of dependent variables, when two or more independent variables are as indicators. This research chose holding period for the dependent variable and market value and variance return as independent variables. In addition to measuring the strength of the relationship between two variables or more, regression analysis also shows the direction of the relationship between dependent and independent variables. Therefore, the research model can be formulated as follows:

$$HP = \quad + MV + \quad VR + e$$

Explanation

HP : holding period

MV : market value

VR : variance return

: constant

MV : regression coefficient of market value

VR : regression coefficient of variance return

e : error

Hypothesis Testing

Hypothesis testing was performed using the t test. T statistical test basically shows how far the influence of the explanatory or independent variables individually is in explaining the variation of the dependent ones (Widodo, 2013). In other words, t statistical test is used to disclose the partial ability of independent variables in explaining the behavior of the dependent ones.

The testing steps are as follows:

1. Formulate a hypothesis

H0: $\beta_1 = 0$, meaning there is no significant influence of the independent (X) to the dependent variables (Y).

H1: $\beta_1 \neq 0$, meaning there is a significant influence of the independent (X) to the dependent variables (Y).

2. Determining the level of significance ()

Significance level used is 5%.

3. Criteria for decision making

Ho accepted if significance value $> 5\%$.

Ho is rejected if significance value $< 5\%$.

V. RESEARCH RESULTS AND DISCUSSION

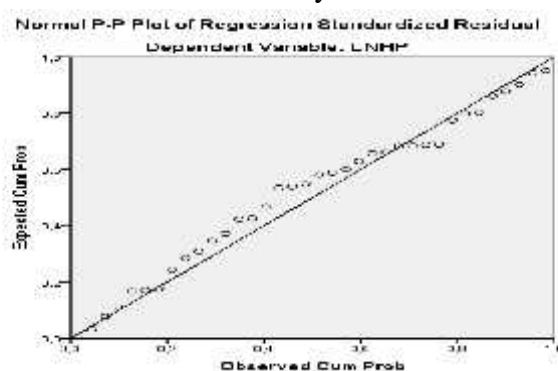
Descriptive Statistics

Based on the data it is known the descriptive statistics of each variable of 36 sample of LQ-45 index companies investigated. The lowest value of holding period amounted to -0.58 while the highest value is 3.48. In addition, the average value and standard deviation amounted 1.1733 and 0.70637 respectively. The lowest value for market value was 16.23 while the highest was 21.65. Moreover, the average of market value was 18.0355 and the standard deviation was 0.99390. The lowest value of variance return was -4.22 while the highest value is 1.41. In addition, the average value of variance return was -0.9309 and standard deviation was 1.58714.

Classical Assumption Test

1. Normality Test

Picture 2. Normality Test Result



Source: Secondary data processed, 2015

Table 1. Normality Test Result

		Unstandardized Residual
N		36
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,54119185
Most Extreme Differences	Absolute	,118
	Positive	,084
	Negative	-,118
Test Statistic		,118
Asymp. Sig. (2-tailed)		,200 ^{c,d}

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: Secondary data processed, 2015

Based on the graphs and statistical test it can be concluded that the normal assumption has been fulfilled so that the regression model can be used for this research.

2. Multicollinearity Test

Table 2 Multicollinearity Test

Coefficients^a

Model	Collinearity Statistics	
	Tolerance	VIF
1. NMV	,982	1,018
2. NVR	,982	1,018

a. Dependent Variable: LNHP

Source: Secondary data processed, 2015

Table 2 shows that varian inflation factor and variance return of market value is 1.018 or less than 10. Tolerance of market value and variance return is 0.982>0.1. This shows that multicollinearity does not occur between two independent variables.

3. Autocorrelation Test

Table 3. Autocorrelation Test Result

Model Summary ^b	
Model	Durbin-Watson
	1,597

i. Predictors: (Constant), LNVR, LNMV

o. Dependent Variable: LNHP

Source: Secondary data processed, 2015

The table shows that Durbin-Watson (DW) value is 1.597, greater than the upper limit (dU) 1.5872 and less than $4-1.5872$ ($4-dU$). As $1.5872 < 1.597 < 4-1.5872$ so there is no positive or negative autocorrelation.

4. Heteroskedasticity Test

Table 4. Heteroskedasticity Test Results

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant)	-,071	1,071		-,066	,948
.NMV	,029	,060	,084	,489	,628
.NVR	,046	,037	,214	1,247	,221

i. Dependent Variable: AbsUt

Source: Secondary data processed, 2015

The table 4 shows that none of the statistically significant independent variables affect the dependent variables' absolute value Ut (AbsUt) with significance level of 5%. Thus, it can be concluded that there is no heteroscedasticity in the regression model. Therefore, this regression model deserves to predict market value and variance return of the dependent variable of holding period.

Regression Test

The following is regression analysis test using SPSS 22:

**Table 5. Multiple Linear Regression Results
Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Constant)	-7,076	1,721		-4,112	,000
LnMV	,458	,096	,644	4,785	,000
LnVR	,004	,060	,010	,074	,941

a. Dependent Variable: LNHP

Source: Secondary data processed, 2015

As the results of data from table 5, the linear regression equation is as follows:

$$LnHP = -7,076 + 0,458LnMV + 0,004LnVR + e$$

The regression equation can be interpreted as follows:

1. Based on these equations, the constant value -7.076 suggests that if the variable of market value (X1) and variance return (X2) is constant, the value of holding period amounts to -7.076.
2. The regression coefficient of market value (X1) is 0.458 that indicates that the market value has a direct and positive relationship with holding period and any increase in one unit of market value will increase the holding period by 0.458.
3. The value of variance return regression coefficient (X2) is 0.004 that indicates that the value of the variance return regression coefficient closes to zero or equal to zero. So it can not be said that it has a direct and positive or indirect or negative relationship with holding period.

Hypothesis Testing Results

1. Effect of Market Value on the Holding Period

To see how the influence of market value on holding period, the researchers did some analysis steps as follows:

1. Hypothesis Formulation

Ho: $\beta_1 = 0$, meaning that there is no significant and positive effect of market value (X1) on the holding period (Y).

H1: $\beta_1 \neq 0$, meaning that there is a significant positive effect on the market value (X1) of the holding period (Y).

2. Calculate tcount

Based on multiple linear regression table, tcount is 4.785.

3. Calculate the ttable with the following conditions:

Significance level of 0.05 and degree of freedom (df) with the requirement of $df=n-2$, the number of df value is $36-2=34$. From the calculation it can be obtained $ttable=1.69092$.

4. Testing criteria

If $tcount \geq ttable$ H_0 is rejected and H_1 is accepted.

If $tcount < ttable$ H_0 is accepted and H_1 is rejected.

5. Decision

Based on the results of these calculations, it can be concluded that the market value variable has a p-value (sig.t) $0.000 < 0.05$ meaning that it is significant and $tcount \geq ttable$ $4.785 \geq 1.69092$. Therefore, H_1 is accepted or market value significantly and positively affects holding period.

2. Effect of Variance Return on Holding Period

To see the influence of market value on holding period, the study conducted the analysis steps as follows:

1. Hypothesis Formulation

$H_0: \beta_1 = 0$, meaning that there is no significant negative effect of the variance return (X_2) on the holding period (Y).

$H_1: \beta_1 \neq 0$, meaning that there is a significant negative effect of the variance of return (X_2) on the holding period (Y).

2. Calculate the tcount

Based on multiple linear regression table it is obtained tcount 0.074.

3. Calculate ttable with the following criteria:

Significance level of 0.05 and degrees of freedom (df) with requirement $df=n-2$ df, df calculation is $36-2=34$. From such calculation it is obtained $ttable 1.69092$.

4. Testing Criteria

If $tcount \geq ttable$ H_0 is rejected and H_1 is accepted.

If the $tcount < ttable$, H_0 is accepted and H_1 is rejected.

5. Decision

Based on the results of these calculations, we can conclude that the variance return variable has insignificant p-value (sig.t) $0.941 > 0.05$ and $tcount < ttable$ $0.074 < 1.69092$. Therefore, H_1 is rejected or variance return does not affect holding period.

Discussion

1. Effect of Market Value on Holding Period

Hypothesis testing results show that the variable of market value has significant p-value (sig.t) $0.000 < 0.05$ and tcount $4.785 > 1.69092$. Therefore, H1 is accepted or market value has significant positive effect on holding period.

Results of this study are inconsistent with research conducted by Perangin-angin and Fauzie (2013) which shows that the market value variable has no significant effect on the holding period variable. This shows that market value is a reflection of the company size. High market value would cause investors to hold the ownership of shares in a longer time, as market participants consider that the company's prospects will be better in the future and the risk is smaller so that the investors have a longer holding period.

While the low market value reflects the small size of the company against shares being traded. If the market value is lower, the company is likely to go bankrupt bringing about the high risk of its shares. This in turn brings to idea that invest stocks of larger companies usually have less risk than of small firms which subsequently can affect the length of holding the stocks.

Based on the results of the analysis it can be concluded that market value can be used as an indicator for investors in doing the investment because if the market value increases so is holding period and the investors are willing to keep their stocks longer.

2. Effect of Variance Return against Holding Period

Results of hypothesis testing showed that the variance return variable has insignificant p-value (sig.t) $0.941 > 0.05$ and tcount $0.074 < 1.69092$. Therefore, H1 is rejected or variance return does not affect holding period.

Result of this study is not congruent with Perangin-wind and Fauzie (2013) which shows that variance return variable has a significant effect on holding period variable. Variance return indicates the level of risk arising from fluctuations in stock prices. The object of this research is stocks of companies listed in LQ-45 index. The shares of these companies were being categorized as leading stocks, having good financial performance, and paying dividends

to investors each year. Therefore, variance return does not affect the holding period. This means that investors are paying less attention on variance return, as market participants are confidence with the prospects of company shares listed in LQ-45 and so the risk is becoming lower.

VI. CONCLUSION AND RECOMMENDATION

Conclusion

From the analysis it can be concluded that first, the first hypothesis test results showed that market value has positive effect on holding period. This means that the results of this study indicate the market value can be used as a measure of company size. The high market value is very likely to cause investors to hold the stocks of companies in a longer period. Secondly, hypothesis test results showed that the variance return does not affect the holding period. This suggests that investors pay less attention on variance return variable as investors are confidence in the prospects of companies' shares listed in LQ-45 index that has a minimum risk.

The study also practically suggests that the companies should add their stock value in the market and expand their business in order to show the bigger size of its market. This will bring the investors' trust to hold their shares longer as they feel that the companies have good prospects in the future and provide a great profit.

Recommendation

In addition, the study suggest investors to take into account the market value, in making decisions about the length of holding stock in the IDX, especially the companies listed in LQ-45 index because it provides very important information. As it is found in this study, if the market value increases, the investors keep the shares longer and vice versa. Moreover, in choosing an investment, the investors should further take into account the shares of large companies because they have good financial situation and growth prospects, so the opportunity to earn high profits in investing is getting bigger.

This study has some limitations that need further improvement and development in the next research. The independent variables in this study are limited to the market value and variance return while the object of this study is only LQ 45 index companies so there are many issuers that have not been included in this study. In addition, the short observation period of three years (2011-2013) leads to limited sample used in this study.

Thus, further researches should combine different variables such as bid-ask spread and the dividend payout ratio. Bid-ask spread, a function of the transaction cost predicts that the financial asset that has greater spread generates a higher expected return. Consequently, holding period can become longer. Long term-oriented investors will usually prefer the dividend generated from the shares they own. Investors will hold shares longer from companies that pay dividends regularly and have adequate dividend payout ratio.

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GREEN WORK LIFE BALANCE EMPLOYEE OF COMPANY “A” AND COMPANY “B” IN SEMARANG CITY

Bernadeta Irmawati, Lucia Haripatworo
Economics and Business Faculty, Soegijapranata Catholic Univeristy
Jl. Pawiyatan Luhur IV/1, Semarang, Inodnesia
*irmawati.bernadeta@gmail.com

ABSTRACT

Currently there are a lot of companies which implement green business, which means that the company in its implementation invites the employees through policies to follow the *green business* movement. Some studies states there is difference between the green environmental policies applied to the actual behavioral patterns of daily life (Antoni & Bauer, 2005 ;). It is assumed that the concept of green HRM in theory and practice has not been realized. Green HRM policies only focus on the role of the employee and has not been in a role where employees outside of work. Company "A" and the company "B" is a company which already applied green business in the company management, meaning that employees who work at these companies implement green business whose shape could be different from one another. Based on the explanation above the Green work life balance of the employee who worked at the company "A" and the company "B" will be identified.

According Timmin (2009) the definition of "green business" is a business which does environmentally sound practices, including the use of organic and natural products to build factories, protection against emission and environmentally friendly sources. Gilbert (2007) in Smith and Perks (2010) identifies green business as the activities that have a negative ecological impact or provide benefits to the environment, Morebusiness.com (2009) describes the green business as the reduction of the use of natural resources to finish the job and using methods and materials which can be recycled such as paper, plastics, electronics, glass and aluminum and use the re-processed or organic products. Based on the data analysis it is identified that employees working at Company "A" and Company "B" knows the benefits of implementing green business, such as thrift, efficiency etc. They also do it in everyday life, although not everyone does it.

Keywords: *green business, green work life balance*

Introduction

Human Resource Management is basically responsible for managing, developing and retaining employees. Employees or human resources (HR) in the organization needs to consider the importance of the green movement, green HR and Green Audit. For that we need to manage human resources towards clean human resources with (a) apply ISO 14000, (b) the implementation of paperless office, (c) waste management (Shaikh).

Currently there are a lot of companies which implement green business, which means that the company in its implementation invites the employees through policies to follow the green business movement. Some studies states there is difference between the green environmental policies applied to the actual behavioral patterns of daily life (Antoni & Bauer, 2005 ;). It is assumed that the concept of green HRM in theory and practice has not been realized. Green HRM policies only focus on the role of the employee and has not been in a role where employees outside of work.

Nevertheless, many companies are struggling to make the employees behave more environmentally. Differences between environmental policy and actual behavior patterns in the lives every day in an organization is a challenge. It can be assumed that the application of Green HRM potentially in theory and practice has not been realized. In contemporary approach, Human Resources Management consider the role of HR in the work and role in addition to the work that was developed as a work-life balance, Green HRM still ignore the role of HR at the time they did not work (Muster, 2011).

Employees who work at the "green" company will behave in accordance with the role and rules applied by the company, such as the application of the paperless concept, not smoking in any place, etc. The Hope in Green HRM is the employees have "green" behavior both in work and in life outside of work. Company "A" and the company "B" is a company which already applied green business in the company management, meaning that employees who work at these companies implement green business whose shape could be different from one another. Based on the explanation above the Green work life balance of the employee who worked at the company "A" and the company "B" will be examined. The research objective is to identify green Work- life balance of employees. The benefits of this research to provide feedback to the company regarding green Work- life balance of employees and improve it.

Literature Review

Definition of *Green Business*

According Timmin (2009) the definition of "green business" is a business which does environmentally sound practices, including the use of organic and natural products to build factories, protection against emission and environmentally friendly sources. Gilbert (2007) in Smith and Perks (2010) identifies green business as the activities that have a negative ecological impact or provide benefits to the environment, Morebusiness.com (2009) describes the green business as the reduction of the use of natural resources to finish the job and using methods and materials which can be recycled such as paper, plastics, electronics, glass and aluminum and use the re-processed or organic products.

The emergence of green business movement due to the impact of industrialization on the environment such as pollution of water, air, pollution, ecological imbalance. Here is a table showing the impact of industrialization on the environment (Shaikh). The following is the impact of industrialization on the environment.

Table 1.1. Industrialization impact on the environment

No	Industry	Natural Resources Used	Products	Impact/Effects
1	Paper	Plants and trees	Paper	Forest
2	Pharma	Plants and Animals	Mendicine	Flora and Fauna Bio-diversity
3	Automobiles	PetroleumProducts	Cars and Trucks	Air Pollution
4	Food Products	Plants, Animals, water	Human Consumption product	Air, water pollution
5	Chemicals	Soil, Ores, mineral	Agricultural products, Industrial products	Pollutes environment(air, water)

Managers need to develop systems and structures in their business which meets the requirements of green business practices, but what happened today is that many companies are still focused on achieving business purposes only. It can be said that the environmental management system depends on green policies HRM (Antoni & Bauer, 2005; Daily & Huang, 2001). Daily and Huang (2001) stressed that the factor of human resources is the key category of ISO 14001 instructions. They found that the support of top management, environmental research, teamwork, empowerment of employees and reward systems is important in the successful implementation of an environmental management system.

Green HR policy focused on the collective and individual ability toward the green behavior. Green HR policy aims to promote environments as a culture of the enterprise. Corporate culture associated with the environment is needed for employee socialization associated with the company's environmental strategy. Socialization of environment culture in the company is done through communication, participation and employee involvement in environmental activities, the hope is that employees are motivated and committed to the company.

Green Human Resources Management

Opatha and Arulrajah (2014), mentions that the green in the research is the environment. There are at least 4 (four) meaning in the context of managing employees in a job or Human Resources Management, ie:

- 1.Maintenance of the natural environment, such as the maintenance of the land, forests, plants, animals and other natural resources.
- 2.Conservation of the natural environment, the use of the natural environment at the minimum level so that future generations can still use it.
- 3.Avoiding or minimizing environmental pollution, water contamination dismissal, etc.
- 4.Make a garden and a natural look area, make a park with lots of trees and grass.

Employees both managers and non-managers have four roles to be a green employee, ie:

- 1.Sustainer (*preservationist*), maintaining the original natural environment as much as possible and protect from damage or negative changes
- 2.Protector (*conservationist*), pay attention to the use of the natural environment in order to maintain as long as possible
- 3.*Non polluter*, maintain or minimize contamination of water, air and atmosphere
- 4.Creator (*maker*), create a garden filled with plants and place

Green human resource management are all activities involving the development, implementation and ongoing maintenance that aims to make employees in the organization have *green* behavior. The purpose of the *green* HRM is to create, enhance and sustain greening at every employee of the organization so that he can give a maximum individual contribution to the four roles, namely preserver, protector, non-polluter and creator.

A human resource that is *green* and critical requires green behavior. One dimension of the *green* behavior is *green organizational citizenship behavior*, which is defined as positively *engaging* behavior that aims to help the organization as a whole to achieve greening. This action does not become part of the formal job requirements. They show the green voluntary action.

Some examples of actions, such as:

- 1.The use of natural water instead of water from the refrigerator to drink (this will reduce electricity consumption)
- 2.Use both sides of paper when writing or print or photocopy (will reduce electricity use and save trees)
- 3.Coming to the workplace by foot or bus / train when possible ((will reduce fuel consumption and air pollution)
- 4.Turn off the computer when not in use
- 5.The use of natural light while working (reducing electricity usage)
- 6.Put the plants in the workplace
- 7.Bring your own plates or glasses
- 8.Buying organic food
- 9.Working with a small number of bulbs
- 10.Reuse office items such as drinking containers, bottles, plastic bags
- 11.Reporting to the authorities related to the destruction of nature
- 12.Turn off the air conditioner before the end of working time each day (approximately 30 minutes)

Green Work-Life Balance

Up to this time, good environmental management and Green HRM only focus on the role of employees in the work. Behavior in environment and behavior in the work is seen as the company's environmental activities. The fact is that human beings can behave in many roles in the less noticeable lives (Reuswig, 1994). Environment is basically relevant to everyday behavior that can be shown with consumption patterns. Consumption is understood as a process of selection, purchase, use and disposal of products. If environmentally relevant behavior shown in work life and personal life, the behavior and activities related to the environment is resulted from experience of both, as shown in Figure 1. While Green HRM focuses on the expectations of the environmental behavior of employees in the company, employees are doing on the practice of consumption in private life.

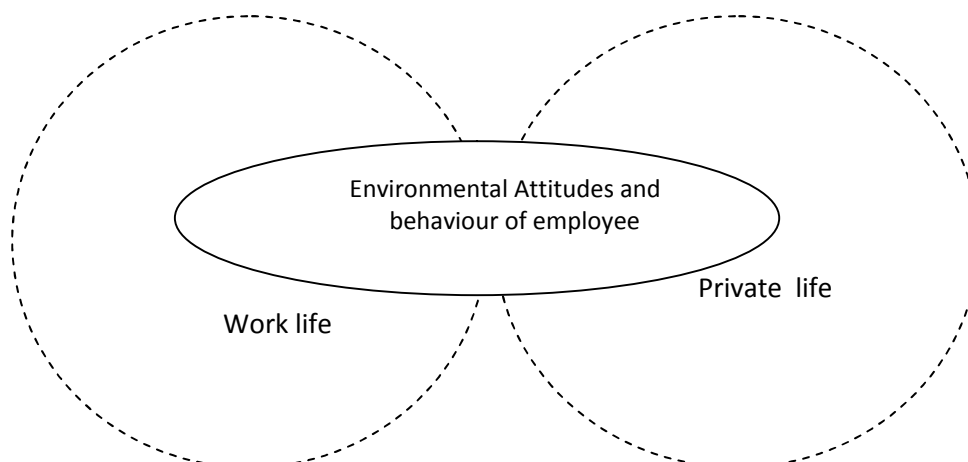


Figure 1. Environmental attitudes and behaviour as composition of experiences gained in working life and private life

Green Work - Life - Balance concept is reconciliation of work life and personal life which related to the environmental values, attitudes and behaviors, which consists of encouragement and environmentally friendly oriented harmonization. It is hoped with the existing balance will have a positive effect. Green work-life balance policies focus on the role of employees as producers and consumers, as employees learn and practice behaviors that are relevant to the environment. (Muster, 2011)

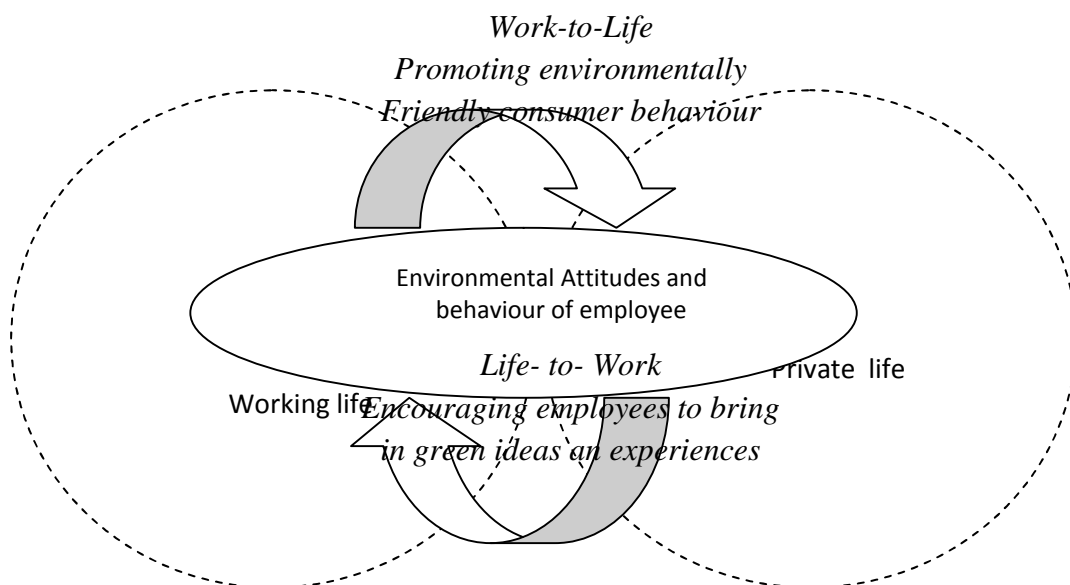


Figure 2. Two direction of achieving a green work-life-balance

Green policy-work-life balance aims to reduce the imbalance of environmentally friendly behavior by promoting the positive effects of work-to-life and of the life-to-work. On the one hand, the company increased environmentally friendly consumer behavior in the private lives of employees which then is called work to life intervention, on the other hand companies can encourage employees to use the ideas and experience of the environment that they have developed in their personal lives in a working life (life -to- work interventions) as can be seen in Figure 2 above.

Method

The object of this research is identified the employee of the Company X and Company Y which apply the concept of "green". Both of company is located in

the city of Semarang. The populations in this study were all employees which work for companies which apply the concept of "green". The populations in this study are employees of the company A and company B. The samples will be taken based on purposive sampling based on: working at the company for at least one year since the company implemented the concept of "green". The number of samples in this study is 32. Data which used in this study are primary data, where the data is obtained directly from employees.

Data collection methods used in this study by a questionnaire that will be distributed to employees of Company A and Company B. The data analysis method used in this research is analytic descriptive, by describing the results in the table.

Analysis

Respondents in the study consisted of 12 employees of Company A that is and 20 employees of Company B, the following is a table showing the gender, level of education and the interior of the Company

Table 4.1 Respondent Overview

INFORMATION	COMPANY A		COMPANY B	
	f	%	f	%
Gender				
• Male	7	58,33	9	45
• Female	5	41,67	11	55
Level of Education				
• SMA	3	25	1	5
• D3	4	33,33	6	30
• S1	5	41,67	12	60
• S2	0	0	1	5
Division				
• Operator	1	8,33	0	0
• Produksi	0	0	6	50
• Logistik	2	16,67	0	0
• Marketing	1	8,33	2	10
• Administrasi	6	50	1	5
• Akuntansi	1	8,33	4	20
• Keuangan	1	8,33	4	20
• HRD	0	0	2	10
• Humas	0	0	1	5

Source: Primary data processed, July 2015

Based on the above table, male gender (58.33%) of the company "A" is much more than the company "B" (45%) and vice versa for the female sex. Judging from the level of education, employees with education level S1 at placed most among other level of education for both for the company "A" (41.67%) and the company "B" (60%). Based on the work division, there are variety of numbers, the company "A" with the most number of the administration (50%) and the company "B" which has the most number on the production division (50%).

Listening and Understanding the Term *Green Business*

The Beginning of someone doing policy related to green business is because the company apply it and they should do so. Here is the response of the related respondents whether they had heard and understood green business.

Table 4. 2. Respondents understanding Linked to Green Business

No	QUESTIONS	Answer			
		YES		NO	
		f	%	f	%
1	Does you ever heard the term green business?	32	100	0	0
2	Does you understand about green business?	32	100	0	0

Source: Primary data processed, July 2015

Based on the table above, it is known that they are 100% have heard the term *green business*, as well as 100% of respondents also understand *green business*. This is because they have worked for more than 1 (one) year, and they are unconsciously doing activities related to *green business*.

Duration of the *Green Business* Implementation by the Company

Company "A" and the company "B" is a company that has implemented green business in running the company, in the following it can be seen how long the company has applied green business.

Table 4.3. Duration of the Green Business Implementation by the Company

No	QUESTIONS	Answer			
		YES		NO	
		f	%	f	%
1	The company implement green business	32	100	0	0
2	How long the company has	32	100	0	0

	applied green business :	17	53,13		
a.	1-5 years	3	9,37		
b.	6-10 years	12	37,50		
c.	More than 10 years				

Source: Primary data processed, July 2015

Based on the above table it is known that 100% of respondents said that the company in which they work have implemented green business. While for how long have they implement green business, All respondents from the company "A" (12 respondents) stated that the company "A" has more than 10 years of implementing green business , while the company "B", 17 respondents stated that the company has implemented 1-5 years while 3 stated that the company has implemented green business for 6-10 years.

Implementation forms of Green Business

There are several forms of implementation of green business activity or activities undertaken by the company, as shown in the table below:

Table 4.4 Implementation forms of Green Business

No	Implementation forms		
		f	%
1	Reduce the use of paper (less paper)	29	90,63
2	The separation of organic and non-organic trash	16	50
3	Greening	26	81,25
4	Turn off electricity or AC when its not needed	31	96,88
5	Turn off the computer when it is not used anymore	29	90,63
6	Saving water	2	6,25
7	Planting trees in the corporate environment	2	6,25

Source: Primary data processed, July 2015

Based on the table above, it is known that the form of the implementation of green business which is mostly done according to respondents is: turn off the power, the AC when not needed (96.88%), turn off the computer when not in use (90.63%), reducing the use of paper. Meanwhile 2% of respondents said saving water and planting trees within the company.

Human Resources Support in Green Business Program

There are three things that can be seen from the support of the Company's human resources that implement green business.

Table 4.5. Company's Human Resources Support in Implementing *Green Business*

No	Implementation Form	
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		f	%
1	Cost Efficiency	22	68,75
2	Paper Saving	3	9,38
3	Comfortable Environments	6	18,75

Source: Primary data processed, July 2015

From the table above, it is known that the human resource support green business program, the majority (68.75%) stated on cost efficiency, including efficiency in the use of electricity, air conditioning and computers, while 9.38% said the paper savings including archival storage and 18.75% expressed support for a comfortable working environment and make healthy life.

Green Business Training

Based on the question whether the respondents had received training on *green business* or not, the results can be seen in the table below:

Table 4.5. Respondents participation in *Green Business Training*

ANSWER	COMPANY A		COMPANY B	
	F	%	f	%
Ever	0	0	3	15
Never	12	100	17	85

Source: Primary data processed, July 2015

Based on the table above, it is known that 100% of the respondent of company "A" and 85% of respondents the company "B" never attended training related to green business, and based on the answers to the previous table shows that they are supporting and implementing green business. It can be said that the respondents run based SOP in the company. While in the company "B", 3% said that they had attended training related to green business.

Green Behavior Implementation Outside of Work

Green behavior in the work is expected to be applied also in the behavior outside of work or at home. Implementation forms of green behavior at home can be seen in the table below

Table 4.6 Implementation forms of green behavior at home

No	Implementation Form		
		f	%
1	Saving electricity, water	23	71,88
2	Greening / Planting trees	18	56,25
3	Waste Separation	5	15,63
4	Etc	4	12,50

Source: Primary data processed, July 2015

Based on the above table it is known that 71.88% of respondents to save electricity, 56.25% do Greening/ reforestation by planting trees around their

homes and 15.63% do waste separation and the other 12.50% reducing the use of tissue usage, saving paper use.

Green work life balance is intended so that man as an employee and personal life is balanced in applying the concept of green. In the life of employees in the company they do because they have to follow the rules or policies that exist even within the company SOP. Based on Table 4.4. and table 4.5 employees are already implementing several green business activities such as saving electricity, air conditioning and other electronic equipment, implement paperless office activities, as well as reforestation activities within the company. While employees in the private and social life, what they mostly do is saving electricity and water, as well as greening/ reforestation . This is because the basic electricity tariff which is always increasing.

Based on the table above, employees are also aware and know the benefits of implementing green business, such as thrift, efficiency etc. But as seen from the table above, it is shown that both the employees of the company "A" and the company "B" never attended training related to green business.

Conclusion

Based on the analysis of green work life balance, it can be concluded that they have already implemented green behavior both in the company and at home, but its not maximized yet. The company provides training related to the green business both on the knowledge and application, with expectations of employees in implementing green business in the company and outside the company is fully aware and understand the concept. It is proposed in the future studies to discuss whether green behavior in the work affects life outside of work or vice versa.

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WHOSE RESPONSIBILITY IS »SOCIAL RESPONSIBILITY« - THE CORPORATION AND/OR .. ?

Jana Gruden, Slovenia

gruden.jana@gmail.com

Abstract

The main responsibility for corporation has historically been to make money and increase shareholder value. Today, more and more corporations are realizing that in order to stay productive, competitive and relevant in a rapidly changing business world, they have to become also socially responsible and engage in corporate social responsibility (CSR) activities.

Corporation's CSR should make a positive contribution to society and be a win-win strategy. The corporations make profits and society benefits. But who really wins? The purpose of this article is to explore who is really determine the success of the CSR implementation.

Within the world of business, the main "responsibility" for corporations has historically been to make money and increase shareholder value. Today, more and more corporations are realizing that in order to stay productive, competitive and relevant in a rapidly changing business world, they have to become also socially responsible and engage in Corporate Social Responsibility¹ (CSR) activities.

Globally looking, corporation's CSR should make a positive contribution to society and be a win-win strategy. The corporations make profits and society benefits. But who really wins?

When conducting CSR, corporations are often criticised for not delivering their promises. However, the problem is not simply that corporations are not practicing CSR well, it is that the corporate structure is not capable of social responsibility.

Responsibility suggests responsiveness, obligation, control, authority and a duty of care. Through CSR corporations seek to engage with stakeholders², but without implying a duty to respond. The corporations claim credit for positive or simply less harmful actions, without taking on any obligations. Often the scope of corporation's responsibility is self-defined and not socially defined.

Friedman (1970) believes that only people can have responsibilities. He states: “A corporation is an artificial person and in this sense may have artificial responsibilities, but “business” as a whole cannot said to have responsibilities, even in this vague sense”.

Each business has grounded three key drivers: employees, investors and consumers who care in ways that create economic incentives for corporations to give further on attention to corporate responsibility.

When it comes to consumers, the latest (2013) research conducted by The Nielsen Global3 showed that consumers from 74 percent of the countries surveyed said they would spend more for products from socially responsible companies. Respondents in the Philippines, Thailand, Indonesia and India were among the most likely to pay more for socially responsible products. Unfortunately the morals stop at the pocketbook. People may say they care, but they will always buy the cheaper brand. Consumers' primary concerns are cost, quality and convenience. Because of this, consumers are unlikely to act on social issues in the same way the corporations are expecting. `

1 The World Business Council on Sustainable Development (2000) defines CSR as: “The commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life.”

2 Stakeholders are those who are affected by corporation’s operation, its employees, business partners, investors, government, suppliers and vendors, community and customers.

3 The Nielsen Global Survey on Corporate Social Responsibility was conducted between February 18 and March 8, 2013 and polled more than 29,000 online consumers in 58 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America.

Since consumers are an important and complex factor in the CSR equation: undoubtedly, they may contribute to its diffusion through their purchase behaviour, therefore it is important for corporations to become more proactive with respect to consumer social responsibility4 (CnSR) if they want to make their CSR initiatives more effective. The link between consumer power and responsibility is also

highlighted by Peters (2005): “Consumers can affect, and therefore bear some responsibility for, the practices and policies of companies.”

After all, the corporation is only a reflection of consumers’ demand and priorities; true social change necessary involves changes in consumers’ demands. When consumers’ preferences change, companies’ behaviour change.

Becoming a Proactive Corporation: Aligning CSR and CnSR

Consumers are clearly an important but overlooked factor in the CSR equation. Hence, it is believed that corporations need to become more proactive with respect to CnSR if they want their CSR initiatives to have a greater impact. A proactive model of CnSR implies that corporations either create opportunities where consumers’ latent needs and wants can be realized or define specifically what those needs and wants should be and actively work to push them into the marketplace. According to Devinney, Auger, Eckhart and Birtchnell (2006) the following five steps are recommended to be taken by the corporations’ managers on the way to forming more proactive corporation:

1. Select the social issue(s) carefully. Consumers are concerned about very specific issues and are unlikely to react to social product features that are “too broad”. Just like consumers choose different meals for dinner, they choose different social issues on which to be concerned. Hence, it is critical for managers to focus their efforts on a single (or very few number of) issue that is relevant to their product/service offering. The relevancy of the issue is especially important since consumers’ evaluation of social product features tend to be context specific (e.g., the use of child labour in the manufacturing of athletic shoes versus the use of animal testing in the production of bath soap).
2. Don’t believe the surveys. Companies invariably rely on surveys to determine needs and preferences. However, when most consumers queried will indicate that they care about most issues, as there are socially acceptable answers and the cost of lying is zero. For managers it is important to understand not what a consumer is concerned about, but how much they are willing to pay to care in circumstances as close to those they will be facing in reality. Surveys will not reveal this information.
3. Don’t underestimate the importance of functional product features. Consumers purchase products to fulfil specific needs and wants. Consumers

will not sacrifice functional features for more socially acceptable ones and will not react to an appeal to do so. Social product features must have functionality.

4. Communicate to the specific segment in its specific language. Consumers possess little knowledge of the social aspects of products and when confronted with this fact seek out culturally embedded rationales to justify their behaviour. The implication is twofold. First, consumers must be informed in a way that fits effectively with the issues that will resonate with them. Hence, consumers concerned about child labour, are less likely to react to general labour rights issue campaigns emphasizing living conditions, wages, unionization and child labour than to campaigns focusing specifically on child labour. Second, different cultures rationalize behaviour differently.
5. Focus on the natural incentive to change – don't force consumers to drink from the CSR cup. Effective communication should not only make consumers aware of corporation product's social features, but also educate them about how such choices are better for them, independent of the benefit to the society and mankind. This view says, it is not your firm's job to make people "concerned" about social issues, but rather to incentivize them to act and give them the opportunity to reveal their true social preferences.

In conclusion, just as some individuals prefer Coke while others prefer Pepsi, consumers make decisions about social choices based on complex preferences that have evolved over long periods of time. Their behaviour has been affected, and will be affected, by a combination of information, media, events, people, and other daily choices that is difficult to disentangle. For corporations it is important to study CnSR as even more to understand whether, how and when consumers' perception of motives directly influence consumer responses to CSR. Only proactive corporations that can align CSR and CnSR can truly contribute to successful and meaningful CSR activities.

"The customer is the most powerful determinant of corporate behaviour, and this is why the CSR focus should be on the consumer. Consumer Social Responsibility is the true Corporate Social Responsibility." (Morrison, Bridwell, 2011)

4 In its broadest form, Devinney, Auger, Eckhart and Birtchnell (2006) define CnSR as the conscious and deliberate choice to make certain consumption choices based on personal and moral beliefs.

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GLOBAL TREND CSR REPORTING

Tetiana Ishchenko, Ukraina

taniaukk@gmail.com

Abstract

CR reporting was once seen as fulfilling a moral obligation to society, many companies are now recognizing it as a business imperative. Today, companies are increasingly demonstrating that CR reporting provides financial value and drives innovation, reflecting the old adage of “what gets measured gets managed.” In our own experience in the market, we have witnessed countless companies discover new opportunities for business improvement by analyzing their CR reporting data and developing continuous improvement programs to effect lasting change.

Today, more and more companies are realizing that in order to stay productive, competitive, and relevant in a rapidly changing business world, they have to become socially responsible. In the last decade, globalization has blurred national borders, and technology has accelerated time and masked distance. Given this sea change in the corporate environment, companies want to increase their ability to manage their profits and risks, and to protect the reputation of their brands. Because of globalization, there is also fierce competition for skilled employees, investors, and consumer loyalty. How a company relates with its workers, its host communities, and the marketplace can greatly contribute to the sustainability of its business success

Corporate responsibility (CR) reporting has become the de facto law for business.

While the continued adoption of CR reporting may not surprise those active in the field, the details of how CR reporting is evolving deliver a compelling view into the expectations that companies now face.

Companies are increasingly realizing that CR reporting is about more than just being a good corporate citizen; it drives innovation and promotes learning, which helps companies grow their business and increase their organization’s value.

It seems clear, therefore, that companies not yet reporting on their CR activities are under significant pressure to start. This will be increasingly critical; not only to stay competitive in a societal context, but also to gain a better understanding of how CR activities impact and benefit the business in areas such as cost savings and new business opportunities.

Much work remains in some pockets of the world, particularly the Asia Pacific region and within privately-held companies around the world. Both must

recommit themselves to enhancing transparency and creating a more level playing field through greater CR reporting.

Where CR reporting was once seen as fulfilling a moral obligation to society, many companies are now recognizing it as a business imperative. Today, companies are increasingly demonstrating that CR reporting provides financial value and drives innovation, reflecting the old adage of “what gets measured gets managed.” In our own experience in the market, we have witnessed countless companies discover new opportunities for business improvement by analyzing their CR reporting data and developing continuous improvement programs to effect lasting change.

Corporate reporting — whether mandated or voluntary — on environmental, social, labor, and human rights issues is a relatively new phenomenon. While a small number of firms have irregularly published information on their nonfinancial performance, more systematic and standardized systems of social and environmental reporting only emerged in the late-1980s and early-1990s.

Since the 1980s, governments, firms, and NGOs around the world have developed a wide range of reporting systems with goals as diverse as reducing pollution, mitigating health and safety risks, spotlighting (and thus rooting out) corruption, improving public service delivery, and protecting civil rights. With each new initiative in public reporting, public demands for fuller information and a deeper “right-to-know” appear to solidify. These initiatives have been driven by a range of pressures and demands from: consumers, NGOs, unions, investors, governments, community members, and firms themselves.

Terminology used for reporting varies between companies. The most commonly used terms globally are ‘corporate responsibility’ or ‘corporate social responsibility’ and ‘sustainability’ report.

Some analysts sought to assess the quality of CSR reporting against seven key criteria, which are based on current reporting guidelines of leading reporting practices.

Key criteria	Strategy, risk and opportunity – reporting should include a clear assessment of the CSR risks and opportunities a business faces and should explain the actions it is taking in response.
	Materiality – CSR reports should demonstrate that a company has identified the CSR issues with the greatest potential impacts both on the business itself and its stakeholders. Companies should make clear the process they have used to assess materiality, how they have involved stakeholders in this process, and how they have used the materiality assessment to inform their reporting and management of CSR risks and opportunities.
	Targets and indicators – companies should use meaningful (e.g. timebound and measurable) targets and key performance indicators to measure progress, and clearly report their progress and performance on set targets and objectives.
	Suppliers and the value chain – CSR reports should explain the social and environmental impacts of the company's supply chain, as well as the downstream impact of products and services, and show how the company is managing those impacts.
	Stakeholder engagement – companies should identify stakeholders in their CSR reports, explain the process used to engage with stakeholders, and the actions taken in response to their feedback.
	Governance of CSR – reports should make clear how CSR is governed within a company, who has responsibility for the company's CSR performance and how the company links CSR performance to remuneration.
	Transparency and balance – CSR reports should be balanced and include information on challenges and setbacks as well as achievements.

Of course, corporate responsibility (Cr) reporting is not without its critics. Some people say these reports are a waste of time and money, believing them to be so dense and so dull that no one could possibly bother to read them. Others see them as vehicles for corporate greenwash, an opportunity for companies to exaggerate their social and environmental credentials without any genuine intention to change. Some in the corporate world see the production of these reports as too complex and too costly and with dubious return-on-investment. Yes, Cr reports are often not an easy read and companies should seek to communicate the information in more digestible and engaging ways. However,

that is not an argument for not reporting at all. Yes, Cr reporting done properly does require financial and human resources, but so do all forms of corporate reporting. The point that is being missed by many people who make these criticisms is that, in the 21st century, Cr reporting is – or should be - an essential business management tool. It is not – or should not be - something produced simply to mollify potential critics and polish the corporate halo. The questions companies should ask themselves now are “what should we report on?” and “how should we report it?”. And, most importantly, “how can we best use the process of reporting to generate maximum value both for our shareholders and for our other stakeholders?”.

Global Trends in CSR Reporting



CSR reporting sees exceptional growth in emerging economies

A narrowing gap between leading and lagging industry sectors



CSR information in the annual report: now standard practice

Use of Global Reporting Initiative (GRI) guidelines almost universal



Assurance among the largest companies has reached a tipping point

Just as CSR reporting itself is now standard business practice; it is also becoming standard practice to have CSR and sustainability data externally assured. The tipping point has been crossed, with over half the world's largest companies now investing in assurance.

There seems to be acceptance of Integrated reporting as the next destination for corporate reporting, but few companies are doing it yet.

There are a number of major challenges to making CSR reporting effective. Questions remain in different sectors and countries on what to report, in what form, to what level of detail, to what audiences, and for what uses. There are real challenges — even for those committed to reporting — to design information systems that are accessible, easy to understand, useful, and rigorous. There are also weaknesses and problems with current systems of CSR reporting, and important barriers to expanding public disclosure systems around the world. On the one hand is the problem alluded to above, that corporations are disclosing both too much data and not enough material information that is useful to stakeholders. If CSR reports are not perceived as useful, few firms will bother to invest the time and resources to produce them, and even fewer stakeholders will read them.

As a conclusion I can say by starting with a small set of core indicators, verifying that they are material to stakeholders, evaluating uses of the information, and soliciting feedback on the quality of the data, it would be possible to gradually expand and deepen CSR indicators to include sector specific issues. By having the reporting driven by local concerns and capacities, it would also be possible to gradually connect to and compare with global reporting schemes such as the GRI.

Government agencies and NGOs might play a role in verifying CSR reporting information, and gradually working to improve the credibility and accountability of reporting. Finally, a government agency could work to aggregate data, and to produce a national CSR report.

This information would support future comparisons of country-level performance on CSR issues. The program could also help local firms establish and demonstrate their social and environmental performance, and facilitate socially and environmentally responsible firms connecting into high value supply chains.

STRATEGIES, GOOD GOVERNANCE AND PERFORMANCE OF SELECTED CAGAYAN DE ORO CITY COOPERATIVES

Rustum Dy Cezar Gevero, Philipine

The objective of this study is to determine strategies, good governance practices, and financial performance of five selected credit cooperatives in Cagayan de Oro City. Forty-eight member respondents and 17 employees, managers and board of directors answered the survey questionnaire.

The officers and employees of the selected cooperatives showed significant efforts in involving the members in terms of attendance in trainings and educational orientations (64%) and in other cooperative related activities (31%). The members who availed of these trainings were able to improve primarily in the area of job and technical knowledge. Membership in cooperatives improved the self-development and enhanced the value of cooperation among the members. The managers are transparent in terms of revealing the profitability of the cooperatives. The board of directors sees to it that the financial statements and co-op standards are discussed in the board meetings. All these translated to healthy profitability rates and revenue growth of all the five cooperatives. *Average profit margin was at 51%; average return on assets stood at 13%; and revenues had an average growth of 16%.*

Each of the five cooperatives studied showed that *there was co-operation at all levels* in the organization which led to their admirable financial performance. The findings of this study are beneficial to the officers and board of directors of the cooperatives because this can shed light on how they have been performing as of late, what are their strong and weak areas, and how they can improve on their existing practices.

Key words: credit cooperative, financial performance, strategy, governance, growth



Penerbit Universitas Katolik Soegijapranata
Jl. Pawiyatan Luhur IV/1, Bendan Dhuwur, Semarang 50234
Telp. +62 - 24 - 8441555 (Hunting) Fax.+62 - 024 - 8445265